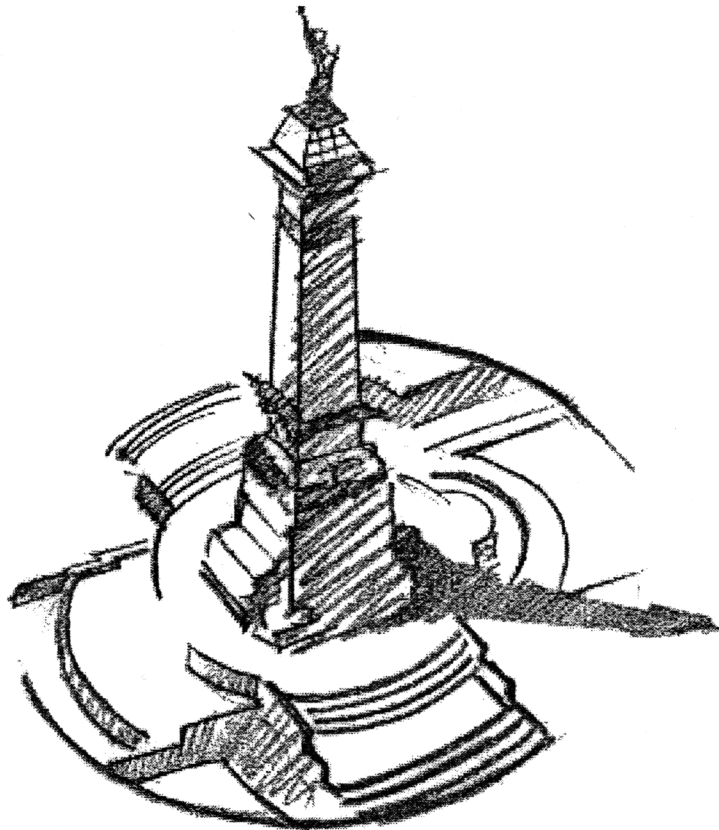


The City of Indianapolis, Indiana

(Component Unit of the Consolidated City of Indianapolis - Marion County)

Bart Peterson
Mayor

Robert J. Clifford
Controller



Comprehensive Annual Financial Report
Year Ended
December 31, 2004

COMPREHENSIVE

ANNUAL

FINANCIAL

REPORT

City of Indianapolis, Indiana

(Component Unit of the Consolidated City of Indianapolis—Marion County)

Year Ended December 31, 2004

Office of Finance and Management

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Introductory Section



August 5, 2005

Honorable Bart Peterson
Mayor
City of Indianapolis, Indiana

I submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Indianapolis (City) for the fiscal year ended December 31, 2004. The City is a component unit of the Consolidated City of Indianapolis – Marion County Reporting Entity. This report was prepared by the Office of Finance and Management. Responsibility for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the Controller of the City of Indianapolis. The data, as presented, is accurate in all material respects. It is presented in a manner designed to set forth the financial position and results of operations of the City. Disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs are included.

The CAFR conforms to the standards for financial reporting of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association of the United States and Canada (GFOA). There are three main sections to this report. The Introductory Section includes this letter, the Certificate of Achievement for Excellence in Financial Reporting, a description of the government and related taxing districts, a list of elected officials, and the City's organizational charts. The Financial Section includes the independent auditors' report, management's discussion and analysis (MD&A), the basic financial statements for the City, and supplementary information. The Statistical Section includes selected financial and demographic information presented on a multi-year basis. The MD&A can be found beginning on page 3.

The City is required to undergo an annual single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in a separate report.

This report contains all funds of the City. The City operates under an elected Mayor and City-County Council (29 members) form of government. The City provides services in public safety, public works, health and welfare, cultural and recreation, urban redevelopment, housing, and economic development. The City operates public housing facilities and a waterworks facility.

ECONOMIC CONDITION AND OUTLOOK

The City of Indianapolis is one of the nation's premier destinations to live and grow a business. Developmental progress over the past year, along with a widely positive reputation and generous accolades, will ensure the City advances toward a prosperous future. The economic improvements and city expansion have earned Indianapolis great recognition. Expansion Management Magazine ranked Indianapolis in the top five cities nationally to expand or relocate a business, and Indianapolis was named an "up and coming city" with a population over one million by Money Magazine.

Indianapolis is a very affordable place to live. Indiana is a low tax state (12th according to a recent report), and the National Association of Homebuilders named Indianapolis the most affordable city with a population over one million people (2004). Not only is Indianapolis a great place to live, but it is also a great place to work.

The City is growing in size at a very rapid rate. That growth continues economically with the expansion of downtown and several businesses. The merger of Anthem and WellPoint, the nation's leading health insurance company, has brought new jobs to the City. The construction of the Conrad Hotel, Indianapolis' first five-star hotel, will bring nearly \$100 million to the City's economy and create numerous new jobs. The Indianapolis-based Simon Corporation has begun construction of a new \$55 million headquarters downtown, ensuring Simon's role in the future of Indianapolis. On the cultural side, the Indianapolis Museum of Art just completed a multi-million dollar renovation that is sure to attract art enthusiasts from across the region. Public and private investment in the City of Indianapolis will stimulate the local economy for years to come.

Indianapolis is quickly becoming a leader in the field of Biotechnology. The Certified Technology Park is certain to attract life science-based companies to downtown Indianapolis. Indiana University recently began construction on a new Medical Information Sciences Building worth over \$42 million, and Clarian Health Partners has begun construction on a \$65 million laboratory that will process tests from nearly every hospital in Marion County.

Sports attractions also play a large part in the economic success of Indianapolis. Each year, the City hosts four professional sports teams, and three major motorsport races at the Indianapolis Motor Speedway, which attribute to a great deal of this City's success. Most recently, the first steps toward the construction of a new Indianapolis Colts' stadium and the expansion of the already popular Indiana Convention Center are underway. The project is set for completion by the 2008 NFL season. The NCAA now calls Indianapolis home. Their headquarters can be found here, as well as the new NCAA Hall of Champions. The NCAA, in partnership with the Indianapolis Sports Corporation, will bring numerous men's and women's events over the next several years to Indianapolis, including basketball Final Fours and the NCAA Convention. Indianapolis's relationship with sports has earned it the title of the No. 2 sports city in North America by ESPN.com Magazine. The City will continue its dedication to the success of all of these athletic economic opportunities.

Internal Control Structure

Management of the City is responsible to establish and maintain an internal control structure that ensures the assets of the government are protected from loss, theft, or misuse and ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

Budgetary control is maintained for certain funds at the object level of expenditure by the encumbrance of purchase orders against available appropriations. The City uses the Governmental Accounting Standards Board expenditure terminology (object) for financial reporting purposes and State of Indiana expenditure terminology (character) for internal accounting purposes. Capital projects reimbursable by grant revenues are encumbered for the total amount of the estimated project cost. Outstanding encumbrances to be financed from future revenues, other than approved grant revenues and certain Consolidated County budgetary account reimbursements, are recorded in their entirety as a reservation of fund balance.

Cash Management

Due to the fluctuating market conditions, excess cash during the year was invested in certificates of deposit and U.S. Treasury Bills and Notes and Repurchase Agreements, which were generally for periods of two years or less. It is City policy to invest certificates of deposit with local, federally insured banks that have a principal office within the county and have been approved by the Marion County Board of Finance.

Risk Management

The City is self-insured for losses arising from worker's compensation, automobile liability, and public liability claims. This program is maintained by the Department of Administration and its Risk Manager. Internal Service funds are used to record the premiums charged to the operating departments and the claims expense.

OTHER INFORMATION

Audit Committee

The City's Audit Committee was formalized by City-County Council ordinance to provide an independent review body for the audit activities of the City. At December 31, 2004, the Audit Committee members were:

Ms. Jenna Walls, Chairperson	Senior Consultant, Health Management Associates
Mr. William Sheldrake	President, Policy Analytics, LLC
Ms. April Edwards Sellers	Deputy Chief of Staff, Mayor's Office
Ms. Jackie Nytes	President, Indiana Economic Development Council
Mr. George A. Farley	Office Manager, Christ Hadler & Brothers

Certificate of Achievement

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Indianapolis for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2003. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year. We believe our current report continues to conform to the Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgment

This report is the combined effort of many people: Office of Finance and Management accountants, internal auditors and departmental chief fiscal officers, and others. I appreciate their diligent and conscientious work, as well as the efforts of our independent auditors, KPMG LLP.

Mayor Peterson, I also appreciate your continued guidance, interest, and support of excellence in accounting and reporting.

Respectfully submitted,



Robert J. Clifford
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Indianapolis,
Indiana

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zielke

President

Jeffrey R. Enos

Executive Director

CITY OF INDIANAPOLIS

ORGANIZATION OF LOCAL GOVERNMENT AND TAXING DISTRICTS

Introduction

The City of Indianapolis (City) was originally incorporated in 1832. It is the largest city in the State of Indiana and the twelfth largest city in the nation, with a population of 860,000 and a metropolitan area population of approximately 1.6 million people. The City encompasses a land area of 402 square miles, making it the eighth largest city in the nation in terms of land area. The City, located at the geographic center of the state, is the state capital and also serves as the physical, economic, and cultural capital. Indianapolis has a stable and diversified economy with employment rates and income levels consistently above the national averages.

Form of Government

On January 1, 1970, the governments of the City and that of Marion County were unified and their form of service delivery consolidated, thereby extending the City's boundaries to generally coincide with those of the County. Four municipalities (Beech Grove, Lawrence, Speedway and Southport) located within the County boundaries were specifically excluded from most functions of the consolidated City by the consolidating act. The consolidated government provides for a Mayor and a twenty-nine member legislative council. The Council consists of twenty-five councilors elected from single-member districts and four councilors elected at large. Because the Mayor's powers extend to the entire county, residents of the Town of Speedway and the Cities of Beech Grove, Lawrence, and Southport, the municipalities not affected by the reorganization, vote for the Mayor as Chief County Executive as well as for the councillors at-large.

Since adoption of the consolidated form of government for the City, governmental services within the area of Unigov are provided by 46 different units of local government, including the consolidated City, Marion County, 5 independent municipal corporations, 11 school corporations, 9 townships, 12 towns, the 4 municipalities excluded from the consolidated City of Indianapolis, 2 library boards and one conservancy district. Within the consolidated City, special taxing districts were created to coincide with user benefit district boundaries then existing or as extended by the consolidating act. Boundaries of the various districts are such that a resident may be a member of one district and not another. Therefore, the resident's geographic location within the County determines the governmental unit and taxing district rates to be combined in calculating the specific tax rate. As a result of the varying areas in which services are provided by the 46 different governmental units, Marion County is broken down into 61 different geographical areas for purposes of tax rate determination.

The maps on pages XV and XVI illustrate the relationship of the described taxing units.

The following taxing units are within the consolidated City, and all, except the Consolidated County and the special service districts, can issue bonds:

	<u>Map</u>		<u>Map</u>
Civil City	2	Flood Control District	1
Consolidated County	1	Metropolitan Thoroughfare District	1
Redevelopment District	2	Police Special Service District	5
Solid Waste Collection Special Service District	7	Fire Special Service District	6
Solid Waste Disposal Special Service District	2	Park District	1
Sanitary District	8	Public Safety Communications & Computer Facilities District	1

The Metropolitan Thoroughfare District, Flood Control District, Park District, and Public Safety Communications & Computer Facilities District are special taxing districts, the boundaries of which are coterminous with the boundaries of Marion County.

The Indianapolis Redevelopment District and the Solid Waste Disposal District are special taxing districts, the boundaries and taxable property of which are coterminous with the boundaries of the City. The Redevelopment District includes a Consolidated Tax Allocation Area, which captures incremental increases in assessed valuation for the repayment of the Tax Increment Finance Bonds.

Other Governmental Units

The Consolidated City of Indianapolis is within the boundaries of Marion County, as are the following:

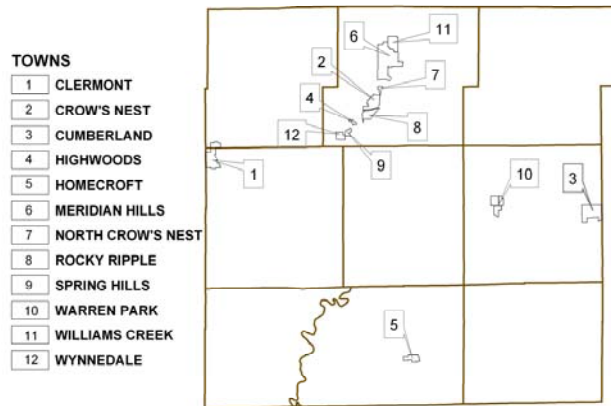
- **Marion County** as a governmental unit provides services such as courts, sheriff, tax assessment and collection, etc., not otherwise provided by other governmental units.
- The **Capital Improvement Board of Managers** is a separate and distinct municipal corporation with territory coterminous to the territory of Marion County. The Board is authorized to finance, construct, equip, operate, and maintain any capital facilities or improvements of general public benefit or welfare which would tend to promote cultural, recreational, public, or civic well-being of the community. The Board operates facilities used for sports, recreation, and convention activities in downtown Indianapolis. The **Marion County Convention and Recreational Facilities Authority** was created in 1985 under applicable State statutes to provide certain financing for projects of the Capital Improvement Board.
- The **Indianapolis Airport Authority** and the **Health and Hospital Corporation of Marion County** are separate and distinct municipal corporations with territory coterminous to the territory of Marion County. The Airport Authority was established for the general purpose of acquiring, maintaining, operating, and financing airports and landing fields in and bordering on Marion County. The Airport Authority bonds are general obligations payable from unlimited ad valorem taxes assessed on all taxable property of Marion County; however, in practice, the bonds have been paid from the net revenues of the Airport Authority. The Health and Hospital Corporation was given the mandate to provide preventative and curative health programs for the residents of Marion County, including indigent health care.

- The **Indianapolis-Marion County Building Authority** is a separate and distinct municipal corporation that acts as landlord for the City-County Building. The County pays 65% and the City pays 35% of the total lease rental. The Authority also has outstanding bonds payable from lease rentals (which are paid from taxes levied) from Marion County for the Marion County Jail expansion, and from the City for the central maintenance garage. Minor portions of Authority facilities are leased to other units of government and private parties.
- The **Indianapolis Public Transportation Corporation** (IndyGo) is a separate and distinct municipal corporation with territory coterminous to the territory of the Consolidated Civil City of Indianapolis. IndyGo provides public transportation service within Marion County.
- The **Indianapolis-Marion County Public Library** is a separate and distinct municipal corporation, the territory of which includes the property in Marion County, excluding the City of Beech Grove and the Town of Speedway.

There are also several separate school districts in Marion County. In addition to the general obligation bonds of these school districts, various school building corporations have outstanding bonds payable from lease rentals (which are paid from taxes levied) from school districts for the lease of school buildings constructed by the building corporations.

See page XVII for the Unigov Organization Chart and page XVIII for the Consolidated City of Indianapolis Organization Chart.

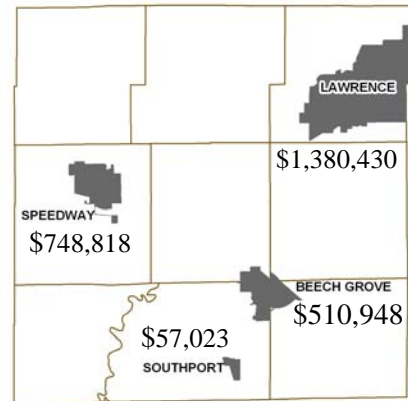
Map 1



**MARION COUNTY
AND OTHER
INCLUDED TOWNS**

Marion County \$39,930,130

Map 2

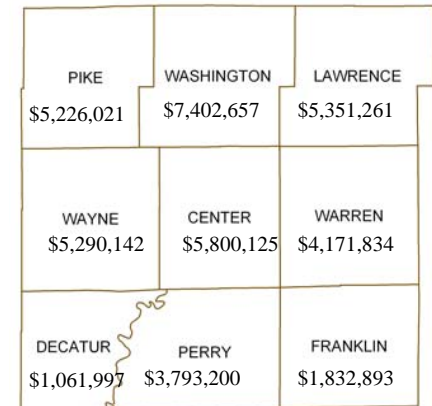


**CONSOLIDATED
CITY OF INDIANAPOLIS**

City of Indianapolis \$37,232,911

Excluded Cities and Towns \$2,697,219

Map 3



TOWNSHIP

NOTE: See Statistical Schedule VIII on pages 142, 143, and 144 of Part III of this annual report. The assessed valuation figures are for March 1, 2003 valuations for taxes collectible in 2004.

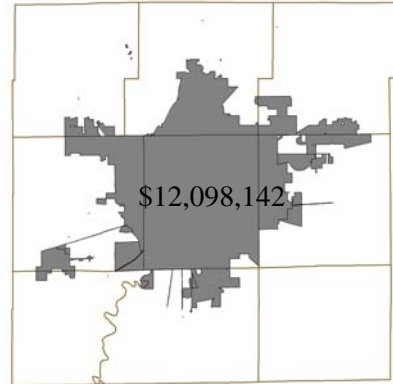
Map 4



LIBRARIES

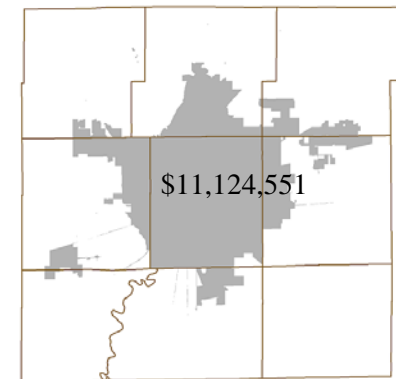
Beech Grove	\$475,232
Speedway	\$748,818
Marion County Libraries	\$38,706,080

Map 5



**INDIANAPOLIS
POLICE SERVICE DISTRICT**

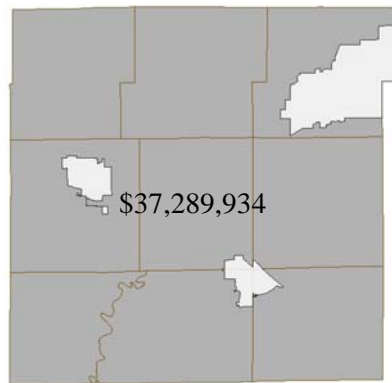
Map 6



**INDIANAPOLIS
FIRE SERVICE DISTRICT**

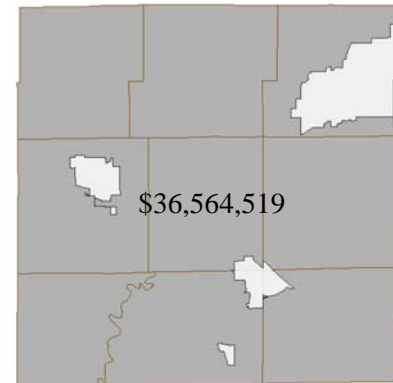
(Outside of this district, townships and excluded cities and towns provide the fire service)

Map 7



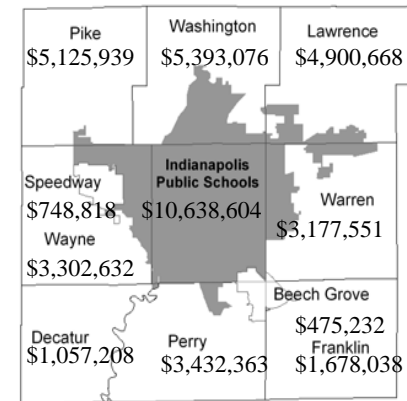
**INDIANAPOLIS SOLID WASTE
SPECIAL SERVICE DISTRICT**

Map 8



**INDIANAPOLIS
SANITARY DISTRICT**

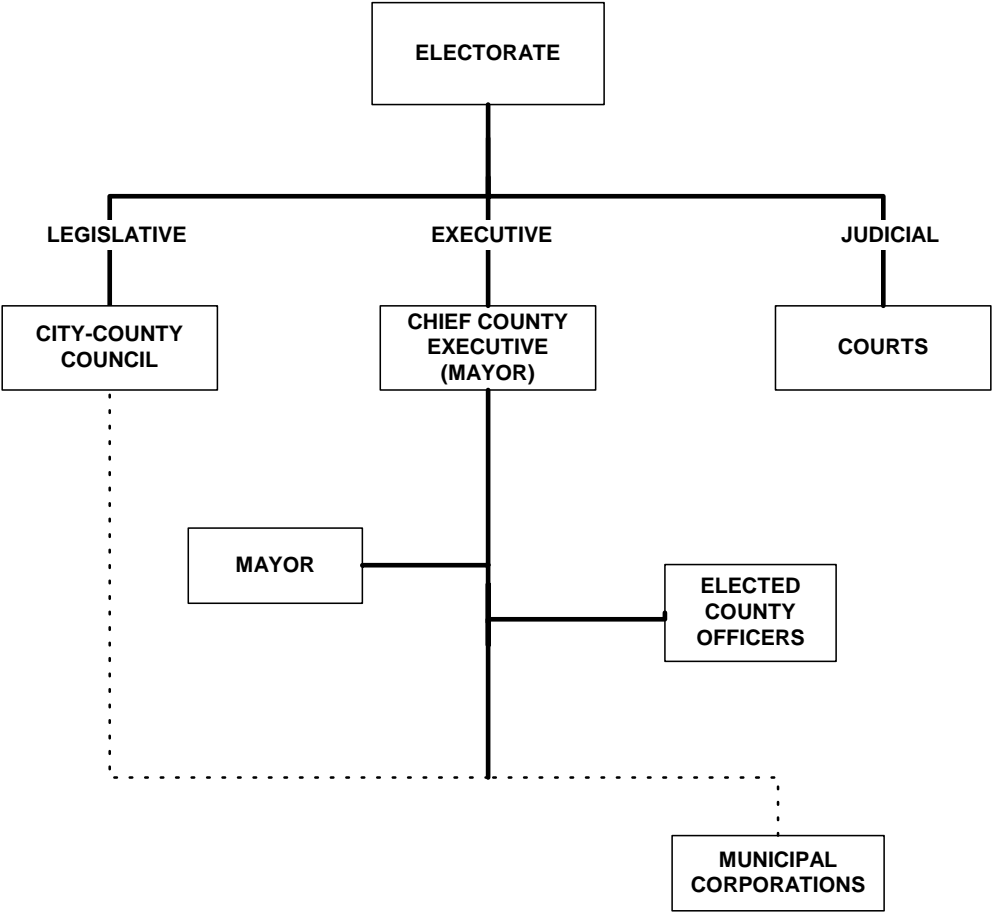
Map 9



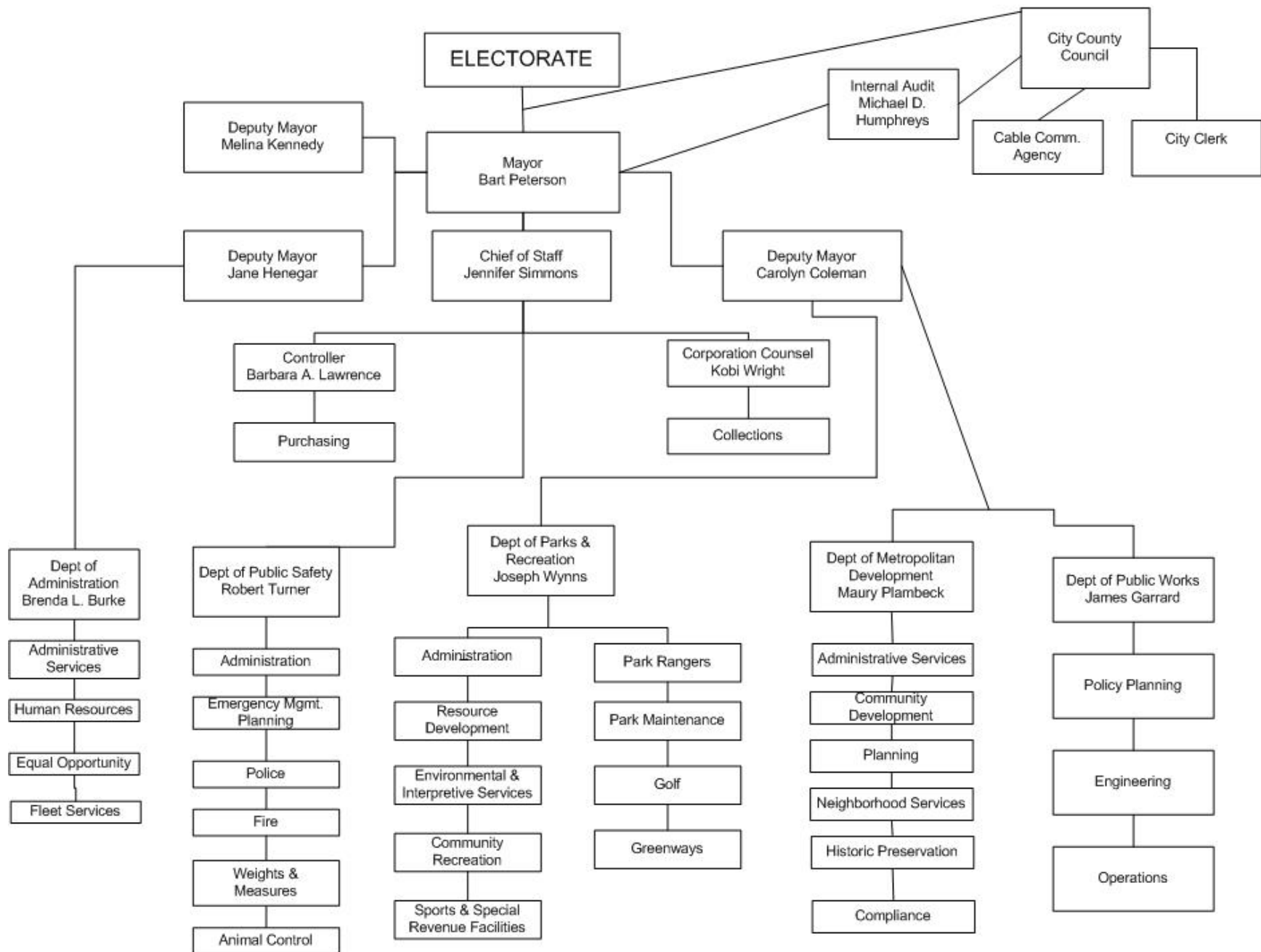
SCHOOL DISTRICT

NOTE: See statistical Schedule VIII on pages 142, 143, and 144 of Part III of this annual report. The assessed valuation figures are for March 1, 2003 valuations for taxes collectible in 2004.

**UNIGOV ORGANIZATIONAL CHART
CONSOLIDATED GOVERNMENT FOR INDIANAPOLIS-MARION COUNTY**



City of Indianapolis Organization Chart
December 31, 2004



CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS
December 31, 2004

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Bart Peterson	Mayor	5	Mayor and Chief County Executive
Rozelle Boyd	City-County Council President	37	Retired
Joanne Sanders	City-County Council Vice President	5	International Representative, International Alliance of Theatrical Stage Employees
Patrice Abdullallah	City-County Councillor	1	CEO of a Midwest Meat Processor
Dr. Philip C. Borst	City-County Councillor	24	Veterinarian, Shelby Street Animal Clinic
Greg Bowes	City-County Councillor	1	Attorney
James Bradford	City-County Councillor	9	Owner, The Whistle Stop Restaurant
Vernon Brown	City-County Councillor	1	Battalion Chief, Indianapolis Fire Department
Virginia J. Cain	City-County Councillor	8	Civic Worker and Homemaker
Bob Cockrum	City-County Councillor	9	Retired
Lonnell Conley	City-County Councillor	5	Retired
N. Susie Day	City-County Councillor	1	Accountant
Sherron Franklin	City-County Councillor	1	Officer, Indianapolis Police Department
Ron Gibson	City-County Councillor	5	President, Charter Schools Assn. of Indiana
Monroe Gray, Jr.	City-County Councillor	13	Captain, Indianapolis Fire Department
Scott Keller	City-County Councillor	1	Appraiser/arts; Adjunct Prof. of Art History, Herron School of Art of IU
Becky Langsford	City-County Councilor	1	Homemaker
Dan Mahern	City-County Councillor	1	Payroll, Marion County Sheriff Department
Angela Mansfield	City-County Councillor	1	Attorney
Lynn McWhirter	City-County Councillor	4	Asst. Trustee, Wayne Township Trustee's Office
Mary Bridget Moriarty Adams	City-County Councillor	16	Office Mgr., Indiana Housing Finance Authority
Jackie Nytes	City-County Councillor	5	President, Indiana Economic Development Council
William C. Oliver	City-County Councillor	1	Foundry Technician at Chrysler
Marilyn Pfisterer	City-County Councillor	1	Businesswoman, Civic Worker

CITY OF INDIANAPOLIS
SCHEDULE OF ELECTED AND APPOINTED OFFICIALS (Cont.)
December 31, 2004

ELECTED OFFICIALS*

Name	Title	Service	Occupation
Lincoln Plowman	City-County Councillor	1	Lieutenant, Marion County Sheriff Department
Isaac Randolph, Jr.	City-County Councillor	1	Private, Indianapolis Fire Department
Earl Salisbury	City-County Councillor	1	Civic Work
Scott G. Schneider	City-County Councillor	5	Vice President of Sales, Mister Ice of Indianapolis
Mike Speedy	City-County Councillor	1	Owner, Real Estate Consulting and Development
Steve Talley	City-County Councillor	9	Retired
Gregory N. Jordan	Ex-Officio City Treasurer	8	Marion County Treasurer

* The term of office for all elected officials expires December 31, 2007 except for the Marion County Treasurer, whose term expires December 31, 2004.

APPOINTED OFFICIALS

Name	Position	Number of Years in This Position	Number of Years Associated with City of Indianapolis-Marion County
Jennifer Simmons	Chief of Staff	1	5
Melina Kennedy	Deputy Mayor	1	5
Carolyn Coleman	Deputy Mayor of Neighborhoods	4	5
Jane Henegar	Deputy Mayor of Policy	5	5
Barbara A. Lawrence	Controller	1	5
Kobi Wright	Corporation Counsel	1	3
Brenda Burke	Director of Administration	5	5
Maury Plambeck	Director of Metropolitan Development	4	16
James Garrard	Director of Public Works	1	4
Robert Turner	Director of Public Safety	5	29
Joe Wynns	Director of Parks and Recreation	5	34
Jean Milharcic	Clerk of the City-County Council	1	1
Michael D. Humphreys	Administrator of Internal Audit	23	23

CERTIFIED PUBLIC ACCOUNTANTS KPMG LLP

CONSOLIDATED CITY OPERATIONS

Executive & Legislative

The Mayor is the chief executive officer of the consolidated City. The Mayor may serve unlimited four-year terms and enjoys wide appointive powers, including the right to name deputy mayors, department heads, and many board and commission members. (The deputy mayor and department director appointments are subject to approval by a majority of the City-County Council). The Mayor also appoints the Controller and the Corporation Counsel for the consolidated City.

The Mayor controls the major administrative functions of the consolidated City through five departments as follows: Administration, Metropolitan Development, Public Works, Public Safety, and Parks and Recreation, each headed by a director, and through special taxing and service districts. Transactions for the Mayor's office are accounted for in the Consolidated County subfund of the General Fund. The Mayor heads a cabinet of appointed Deputy Mayors, Corporation Counsel, Controller and Department Directors. The Office of Internal Audit is independent of any City Department, as is the Office of the Corporation Counsel and the Office of the City Controller. These divisions report directly to the Mayor.

CITY-COUNTY COUNCIL

The City-County Council provides efficient and economical administrative support to the local legislative branch of government. The Council is responsible for adoption of appropriations and tax rates supporting the City and County annual budgets, and reviews and recommends the five Municipal Corporations' annual budgets. The City-County Council also confirms appointments of individuals to the positions of Deputy Mayor and Directors of UNIGOV departments. They also enact legislation and appoint people to various boards and commissions of local government. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

CABLE COMMUNICATIONS AGENCY

The Cable Communications Agency oversees cable franchise compliance and contractual obligations, as well as prepares and supervises renewal of franchise agreements. Through WCTY/Channel 16 and Government TV2, the Cable Communications Agency provides City-County government information to Marion County citizens and supplements public safety education. Agency staff makes recommendations for the best usage of communications equipment through research of new communication models and technologies. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund.

OFFICE OF THE CORPORATION COUNSEL

The Office of the Corporation Counsel provides legal counseling and representation for all agencies of City and County government and is headed by Corporation Counsel, who is appointed by the Mayor. Transactions for this Office are accounted for in the Consolidated County subfund of the General Fund. The responsibilities of the Office are governed by Indiana statute, which vests the Office with the authority to represent and defend the City and County and its officers in causes of action in which they are parties by virtue of their official capacity and to compromise litigation and effect settlement of pending litigation. In addition, the Office furnishes legal advice and formal opinions and conducts legal proceedings. The City Prosecutor's Office, also a part of the Office of the Corporation Counsel, initiates legal action for the purpose of enforcing City ordinances. The preparation of non-fiscal ordinances for introduction before the City-County Council and the drafting of legislative proposals in the Indiana General Assembly are also functions of the Office of the Corporation Counsel.

The Collections section is a part of the Office of Corporation Counsel and is responsible for pursuing collections of amounts owed by third parties to various City and County agencies, with transactions accounted for in the Consolidated County subfund of the General Fund, with the exception of revenue from parking fines, which is accounted for in the Parking Special Revenue Fund.

OFFICE OF THE CITY CONTROLLER

The Office of the City Controller is charged with the fiscal management of City government. Appointed by the Mayor, the City Controller ensures that financial assets of the government are protected. The office is responsible for the annual City budget, payroll, accounts payable, general accounting, cash management, Barrett law, city licenses, and federal audit relationships, with transactions accounted for in the Consolidated County subfund of the General Fund.

The Division of Purchasing, which reports to the City Controller, acts as the central purchasing agent for all City and County government offices, with transactions accounted for in the Consolidated County subfund of the General Fund. The Division has responsibility for obtaining all necessary materials, equipment, services, and performing certain phases of bookkeeping for City-County government, and oversees the disposal of surplus assets.

Department of Administration

The City-County Administrative Board (Board) consists of the Director of the Department of Administration, who serves as its presiding officer, the County Auditor, the Controller, and two members appointed by the City-County Council. The Board approves certain contracts for the Department of Administration and any other City or County office that does not currently have a board to approve the award of contracts. The Board also acts as the “disposing agent” when a City or County board or office has determined that property shall be disposed of, and reviews insurance and surety bond coverage for all officers, agents, employees, departments, and agencies of City and County government.

This Department provides overall administration for the consolidated City, including human resources, risk management, labor and employee relations, equal opportunity activities, and vehicular equipment maintenance.

ADMINISTRATIVE SERVICES DIVISION

The Administrative Services Division supervises, coordinates, and oversees the activities of the department and provides administrative support to the Mayor’s office. Transactions are accounted for in the Consolidated County subfund of the General Fund.

HUMAN RESOURCES DIVISION

The Human Resources Division services City departments by successfully recruiting and developing a competitive customer-focused workforce. To do so, the Division continually sets and monitors goals based upon customer expectations while ensuring fair and equal hiring and employment practices. The City’s risk management, labor, and employee relations activities are also part of this division. Transactions are accounted for in the Consolidated County subfund of the General Fund.

DIVISION OF EQUAL OPPORTUNITY

The Division of Equal Opportunity conducts investigations of alleged discriminatory practices that deny opportunities to citizens in employment, housing, education, and public accommodations. The division functions as the Affirmative Action Office to assure equal opportunities in employment of employees of City-County government. This division also promotes the quality of minority-owned business enterprise/women-owned business enterprise (MWE/WBE's) performance, provides staff support for the African-American Male Commission, and helps to increase access to economic opportunity for small MBE/WBE's and increases public awareness and support of City business developments. Transactions are accounted for in the Consolidated County subfund of the General Fund.

INDIANAPOLIS FLEET SERVICES

The Indianapolis Fleet Services (I.F.S.) is responsible for the maintenance, fueling, monitoring, and repair of all vehicles and other equipment owned by the City and has all powers and duties necessary for operation of a municipal garage. I.F.S. also maintains and supplies fuel for vehicles and equipment owned by a number of other governmental agencies on a contractual basis. Transactions for this division are accounted for in the Consolidated County subfund of the General Fund. The costs associated with maintaining and fueling city-owned vehicles and equipment are charged back to the departments that own the equipment.

Department of Metropolitan Development

The Department of Metropolitan Development's primary objectives are to provide improved service delivery through effective communications, collaboration, and developmental assistance to promote partnership between the public and City government to facilitate quality housing and economic growth throughout the county. The Department follows policy established by the Metropolitan Development Commission and coordinates the activities of its operating divisions: Administrative Services, Community Development, Planning, Neighborhood Services, Historic Preservation Commission, and Compliance. The Metropolitan Development Commission is the policy-making body of the Department of Metropolitan Development and receives staff support from the Department. The Commission is composed of nine members, four of whom are appointed by the Mayor, three by the City-County Council, and two by the Board of County Commissioners.

DIVISION OF ADMINISTRATIVE SERVICES

The Division of Administrative Services provides managerial and financial support to other divisions in the Department of Metropolitan Development as well as managing department-owned properties throughout the City. The division also promotes economic development by leveraging private and public resources in support of developing affordable housing and new employment opportunities in neighborhoods. Financial staff also offer financial management support, in the form of budgeting, financial reporting, payroll, accounts payable/receivable, to the other department divisions consistent with policies established by federal, state, and local regulations. Transactions for this division are accounted for in the Redevelopment and Consolidated County subfunds of the General Fund and the Federal Grants Special Revenue Fund.

DIVISION OF COMMUNITY DEVELOPMENT

The Community Development division has the responsibility of administering all U.S. Department of Housing and Urban Development grants, with transactions accounted for in the Federal and State Grants Special Revenue Fund and the Consolidated County, Redevelopment and Solid Waste Collection subfunds of the General Fund. The division supports activities of community development, affordable housing, neighborhood capacity building, human services, neighborhood strategic programming, and capital improvements projects. The Division also administers the Unsafe Building Program in conjunction with Health and Hospital Corporation.

DIVISION OF PLANNING

The Division of Planning has wide-ranging responsibilities in the areas of social, physical, and economic planning. It analyzes present community conditions and makes projections of future development, recommending various plans for private and public action. The Division also is responsible for transportation planning activities as the Metropolitan Planning Organization (MPO) for the Indianapolis Urbanized Area. The division processes all land use petitions for public hearing including recommendations, and reviewing, revising, and updating zoning ordinances to reflect the needs of the community. Transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County and Transportation subfunds of the General Fund.

NEIGHBORHOOD SERVICES

The Division of Neighborhood Services is responsible for facilitating and enhancing communications between the public and government; identifying and assisting in addressing the needs of township residents, community organizations, and businesses; enlisting citizen and business participation with government; and increasing public awareness of the programs and services offered by the City of Indianapolis. Transactions are accounted for in the Federal Grants Special Revenue Fund and Consolidated County subfund of the General Fund.

INDIANAPOLIS HISTORIC PRESERVATION COMMISSION

The Indianapolis Historic Preservation Commission is a semi-autonomous agency of City-County government, charged with the responsibility of designating and administering local Historic Areas, both districts and individual structures; promoting the preservation and reuse of historic structures; and offering technical assistance to Marion County residents and property owners. Indianapolis Historic Preservation Commission transactions are accounted for in the Federal Grants Special Revenue Fund and the Consolidated County subfund of the General Fund.

DIVISION OF COMPLIANCE

The Division of Compliance is responsible for enforcing zoning ordinances and building code compliance; issues permits; monitors construction activities; licenses contractors; and registers various trade contractors licensed by the State. Transactions are accounted for in the Consolidated County subfund of the General Fund.

Department of Public Works

The Department of Public Works is responsible for the following: street and traffic signal maintenance, trash collection and disposal, flood control maintenance, collection and treatment of sewage, snow removal, air pollution control, and environmental remediation. The Department has three major divisions: Policy and Planning, Engineering, and Operations.

The Board of Public Works is the supervisory and policy-making body of the Department of Public Works. The Board consists of seven members and meets twice per month. The Director of the Department of Public Works serves as the chair of the Board; three members are

appointed by the Mayor and three by the City-County Council. Appointees serve one-year terms at the pleasure of the appointing authority. The Board reviews the Department budget, holds any hearings required by law, and approves the award of all contracts.

POLICY AND PLANNING DIVISION

The Administrative Services Section manages the administration for the entire Department. This includes financial and budget planning, asset management, contractual agreements, public information and the management of information systems. The section also monitors the financial aspects of the Indianapolis Resource Recovery Facility. Administrative transactions are accounted for in the Consolidated County subfund of the General Fund and the Federal Grants Special Revenue Fund. The Administrative Services Section has four main areas of responsibility:

1. *Business Services.* This section provides the necessary administrative functions for the Department in the areas of data management, and other Administrative Services.
2. *Financial Services.* This section provides purchasing, accounting, and payroll services to all areas within the Department.
3. *Contract Services.* This section provides administrative support and review for service contracts with the department. The day-to-day management of the contracts remains with the operational areas responsible for solid waste removal, mowing, sewer collection system, abandoned vehicles, and street sweeping.
4. *Public Information Services.* The services of this section include arranging and executing public meetings, media services, public speaking, departmental presentations, and neighborhood coordination.

The section's services include the general services for budget preparation, contract administration, general accounting services, goods procurement, payroll management, data management and entry, property management, and personnel coordination and management. Transactions for this section are recorded in the Transportation subfund of the General Fund and State Grants Special Revenue Fund.

The Strategic Planning Section provides public access to the many programs administered by the Engineering and Operations Division and throughout the Department of Public Works. This section disseminates information through the media, written publications, correspondence, and by telephone on Engineering projects. This section also provides neighborhood services and citizens relations services.

The Customer Services Section responds within three days to citizen complaints that are called into the Mayor's Action Center such as sanitary sewer backups, sewer odors, cave-ins, flooding and drainage problems, street and sidewalk problems, illegal dumping, graffiti, and sewer locates. Service requests are directed to the Township Coordinators, who complete over 20,000 inspections per year. Customer Services also works closely with the utility companies and other City and County departments.

The Office Environmental Services assures environmental protection for Indianapolis residents through industrial surveillance and permitting. Air quality, water and land pollution abatement, and environmental remediation projects are managed under this section. The section also separates the household hazardous collection program. In addition, it oversees the Industrial Pre-treatment Program and the Air Pollution Control Board's Ordinance Enforcement and Regulatory authority. Transactions are accounted for in the Sanitation, Solid Waste Collection, Park, and Consolidated County subfunds of the General Fund.

ENGINEERING DIVISION

Engineering plans, designs, constructs, reconstructs, and maintains all streets, sewers, roads, bridges, and thoroughfares. The Department is also responsible for access control, traffic control, and streetlights on the same. Excluded from the Department's control are:

1. Interstate, U.S., and State routes under the jurisdiction of the Indiana Department of Transportation; and
2. Local streets within the other incorporated cities and towns within Marion County.

This section's general services include development of programs and projects, inventories, transportation studies, design contract administration, service contract negotiation, construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies. Transactions for this section are recorded in the Transportation, Flood, Solid Waste Disposal, Sanitation, and Storm Water Management subfunds of the General Fund.

The Engineering Administration Section provides the necessary planning, programming, inventory, and studies to implement the department's programs to expand and protect the City's transportation and sanitation network.

The Construction Services Section provides the necessary project scope and design criteria and determines the project schedule. Consultant selection is also a primary task for this group. This section also provides the technical expertise to accomplish all design and construction contract management for the transportation and sanitation improvement and flood control projects. This section is responsible for supervising and administering all construction contracts for transportation network improvements.

The Environmental Engineering Section provides services, including the development of programs and projects, inventories, studies, design contract administration, and service contract negotiation related to the Sanitary and Drainage programs of the City. This also includes the review and approval of private development projects and providing technical expertise to other divisions and agencies.

The Transportation Engineering Section provides services, including the development of programs and projects, inventories, transportation studies, design contract administration, and service contract negotiation, related to the Transportation programs of the City. This also includes construction contract management, pavement management, review and approval of private development projects, and providing technical expertise to other divisions and agencies.

OPERATIONS DIVISION

The Solid Waste Services Section is responsible for collecting trash from five of the twelve solid waste districts. The section also monitors the financial and technical aspects of the resource recovery waste districts. Approximately 150,000 tons of trash is collected annually. Household refuse is disposed of at the Indianapolis Resource Recovery Facility where the waste is burned and steam is generated. The steam is sold to a local power company. The Solid Waste Management Section also monitors the financial and technical aspects of the resource recovery facility's operations. Other waste, such as construction debris, is taken to the Southside landfill. Other services of the Solid Waste Management Section include the removal of dead animal carcasses from the public right of way and operation of Drop-off Recycling programs. Section transactions are accounted for in the Solid Waste Collection and the Solid Waste Disposal subfunds of the General Fund.

The Maintenance Services Section has six main areas of responsibility:

1. *Traffic Operations.* Responsible for the implementation and operation of all traffic control features of the transportation network. Ensures traffic safety and guides motorists throughout the City through signals, signs, and pavement markers.

2. *Street Maintenance.* Responsible for the maintenance of all roads, bridges, and other transportation facilities under the City's jurisdiction. Also responsible for preventative maintenance and snow and ice removal on city streets.
3. *Grass & Weeds.* Responsible for mowing of levees, parkways, and private weed enforcement lots.
4. *Building and Grounds.* Responsible for maintaining DPW facilities and the Monon Trail.
5. *Parking Meter.* Responsible for collection of revenue, repair of parking meter equipment, and administration of contracts.

The section's general services include road and bridge maintenance and reconstruction, resurfacing, curb and sidewalk replacement and repair, street repair, weed control, mowing, roadside drainage, shoulder maintenance, pavement joint maintenance, guardrail installation and repair, emergency maintenance functions (barricading and temporary repairs), snow and ice removal, litter pickup in the downtown area, traffic signal installation, modernization, and maintenance, pavement markings, and traffic sign manufacturing and installation. Transactions for this section are recorded in the Maintenance Operation subfund of the General Fund and the Parking Special Revenue Fund.

The Water Management Services Section monitors the contracts for the operation of the City's two Advanced Wastewater Treatment Facilities. These facilities have the capability of processing 250 million gallons of wastewater per day. Transactions of the section are accounted for in the Sanitation, Consolidated County, Solid Waste Collection, Stormwater, Solid Waste Disposal, and Transportation subfunds of the General Fund.

Department of Public Safety

This Department maintains order and protects the rights and property of the citizens of Indianapolis. The Director retains responsibility for major policy decisions, budgeting, long-range planning and the day-to-day coordination of five departmental divisions: Police, Fire, Emergency Management Planning, Animal Care and Control, and Weights and Measures. The Director of the Department of Public Safety serves as the Mayor's appointee on many commissions and councils at the national, state, and local levels in order to coordinate the activities of Public Safety Department divisions with various other state and local criminal justice agencies.

The Director appoints the Police and Fire Chiefs for the Consolidated City. The Director also supervises the hiring, promotion, affirmative action, and discipline of all Department divisions with the advice and assistance of three statutory boards and several non-statutory citizens' boards and committees. The statutory boards include a five-member Board of Public Safety, a six-member Police Merit Board, and a six-member Fire Merit Board. Transactions for this division are recorded in the Consolidated County subfund of the General Fund.

The Board of Public Safety is composed of the Director of Public Safety and four other members, two of whom are appointed by the Mayor and two others by the City-County Council. Board members serve one-year terms at the pleasure of the Mayor or the Council.

The Board studies issues related to the Department of Public Safety, which the Director brings before the members; it also indicates areas requiring further study to the Director. The Board approves the award and amendment of contracts by the Department for purchase or lease of capital equipment or other property where the contract is required to be bid under IC 36-1-12. The Board also approves the employment of persons engaged by the Department to render professional or consulting services.

INDIANAPOLIS POLICE DEPARTMENT

This division is primarily responsible for maintaining order and protecting individual and property rights. The Indianapolis Police Department is charged with law enforcement duties, which include crime prevention, detection, arrest, and processing of offenders. The boundaries of the Police Special Service District generally coincide with those of the City as they were prior to the January 1, 1970 Consolidated Cities Act.

Transactions are accounted for in the Police subfund of the General Fund, the Consolidated County subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

INDIANAPOLIS FIRE DEPARTMENT

This division's services include fire prevention, fire fighting, and emergency rescue. The Division also administers immediate first aid services, inspects buildings, investigates suspected cases of arson, gives fire and safety instruction, and provides fire and rescue training for other fire departments. The Division is funded from a special service district of the Consolidated City and coordinates fire protection with the Township and Volunteer Fire Departments of the District. Transactions are accounted for in the Fire subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

DIVISION OF EMERGENCY MANAGEMENT PLANNING

This division functions as the local Department of Homeland Security. It coordinates all government and nongovernment organizations that deal with emergency situations and provides unique civil preparedness skills and capabilities not available under other organizations. Transactions are accounted for in the Consolidated County subfund of the General Fund, the Federal Grants Special Revenue Fund, and the City Cumulative Capital Projects Fund.

ANIMAL CARE AND CONTROL DIVISION

This division is responsible for protecting the public from injuries, property damage, and disease caused by stray animals. Transactions are accounted for in the Consolidated County subfund of the General Fund. The division has the authority to capture, impound, and destroy stray animals, including wildlife.

DIVISION OF WEIGHTS AND MEASURES

This division is responsible for checking all weighing and measuring devices as required by the State Weights and Measures law. The division checks scales and measuring devices and performs tests and calibrations. Transactions are accounted for in the Consolidated County subfund of the General Fund.

Department of Parks and Recreation

The Department of Parks and Recreation (Indy Parks and Recreation) provides clear leadership and well-defined direction for enhancing the quality of life for Indianapolis and Marion County residents by offering park and recreation resources that (1) provide and/or facilitate quality recreation and leisure opportunities; (2) encourage and support natural and cultural resource stewardship and environmental education; (3) include safe, clean and well-maintained park facilities for the community's use and enjoyment; and (4) promote and facilitate mutually beneficial county-wide partnerships. Indy Parks offers recreational opportunities at regional, community, neighborhood, and nature parks, in addition to schools and other facilities. The parks system includes 7 greenways trails, 23 recreation centers, 22 aquatic centers, 13 golf courses, 410 sports fields and courts, and 116 playgrounds. City ordinances and state statutes are enforced by Indy Parks to protect public parklands and facility use. The Department's organization consists of nine divisions, including Administration, Community Recreation, Sports and Special Revenue Facilities, Golf, Environmental and Interpretive Services, Park Maintenance, Park Rangers, Resource Development, and Greenways. Transactions for this department are recorded in the Parks subfund of the General Fund and the Federal and State Grants Special Revenue Funds.

ADMINISTRATION DIVISION

Administration provides departmental-level leadership, management, and oversight of the business operating elements. The Administration Division includes a variety of functions essential to the organization, including finance, marketing and public relations, grants, alliances and partnerships, and a variety of other special projects. This division facilitates and coordinates the implementation of cross-divisional activities.

COMMUNITY RECREATION DIVISION

The Community Recreation Division provides high-quality recreational services and opportunities to Marion County residents. Community Recreation's core areas include community centers, neighborhood parks, arts services, day camps, and after-school, therapeutic, and senior programs.

SPORTS AND SPECIAL REVENUE FACILITIES DIVISION

This division provides both quality sports programs and special facilities combined with educational opportunities for volunteers, coaches and staff. Some of the facilities include indoor and outdoor aquatic centers, sports courts and fields, ice rinks, velodrome, skate park, and BMX track.

GOLF DIVISION

The Golf Division provides high-quality golf opportunities for people of all ages and physical ability throughout the Indianapolis community. This division manages municipal courses as well as plans and oversees capital improvements at each course. It manages course operating contracts, service contracts, and course management contracts.

ENVIRONMENTAL AND INTERPRETIVE SERVICES DIVISION

The Environmental and Interpretive Services Division provides quality environmental education and interpretive programs to the community through nature centers and the hub naturalist program.

PARK MAINTENANCE DIVISION

The Park Maintenance Division maintains Indy Parks' facilities and parks. Operating elements include beautification, forestry (includes the City's street trees), grounds and facility maintenance, land improvement, natural resources, and land stewardship.

PARK RANGERS DIVISION

The Park Rangers Division implements education safety programs, develops community policing strategies, and is responsible for enforcement of city ordinances, and parks policies and procedures.

RESOURCE DEVELOPMENT DIVISION

Resource Development steers the direction of the department through resource planning, capital asset development and sustainable strategic tactics. In addition to the planning tasks, this division is also responsible for land acquisition and real estate management.

GREENWAYS DIVISION

The Greenways Division manages, improves and maintains the 65-mile greenways system within Marion County to provide recreational and fitness opportunities; promote open space conservation; link neighborhoods together with other parks and other community assets; and provide environmental education for the public concerning the greenways system.

Indianapolis Housing Agency

The Indianapolis Housing Agency is responsible for the design, construction, maintenance, and management of decent and safe housing for low-income, elderly, and disabled persons. The Agency receives its primary funding from the U.S. Department of Housing and Urban Development (HUD) and rents collected from residents. The Agency's transactions are accounted for as an Enterprise Fund to maintain autonomy from City-County tax revenues. Other funds are generated by the Comprehensive Improvement Assistance Program (Modernization) and Community Development Block Grants (CDBG), which also originate from HUD. In addition, this Agency operated a program to provide rental and utility assistance payments, which were funded by HUD funds and accounted for in the Section 8 Housing Assistance Special Revenue Fund.

Department of Waterworks

The Department of Waterworks was formed to oversee the operation of the former Indianapolis Water Company, which was purchased by the City in 2002. The Board of Directors consists of seven members, of which three are nominated by the majority leader of the City-County Council and three by the minority leader of the City-County Council. The seventh member, who is nominated by the Mayor to be the Secretary/Treasurer, must be unanimously approved by the remaining members.

The Board of Directors entered into a twenty-year agreement with Veolia Water (formerly US Filter Operating Services) for the day to day management of the waterworks. The operator is responsible for all routine operations of the utility and the Department of Waterworks assumes responsibility for all capital purchases needed to operate the waterworks. Water is provided to residential, commercial, and industrial users. The service area includes incorporated and unincorporated areas in Marion, Boone, Hancock, Hamilton, Shelby, and Montgomery counties, as well as unincorporated areas of Hendricks and Morgan counties.

Financial Section



KPMG LLP
2400 First Indiana Plaza
135 North Pennsylvania Street
Indianapolis, IN 46204-2452

Report of Independent Auditors

Mr. Robert Clifford, Controller and the Audit Committee
City of Indianapolis, Indiana:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Indianapolis, Indiana (City), a component unit of the Consolidated City of Indianapolis-Marion County, as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the aggregate nonmajor governmental funds, the internal service fund type, and each fiduciary fund type of the City, as of and for the year ended December 31, 2004, as displayed in the City's basic financial statements. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Indianapolis Housing Agency, which represent 100 percent of the Housing Agency enterprise fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Indianapolis Housing Agency, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of the other auditors, provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, as well as of the aggregate nonmajor governmental funds, the internal service fund type, and each fiduciary fund type of the City of Indianapolis, Indiana, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 5, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose



of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 14, the budgetary comparison information and notes to required supplementary information on pages 77, 78, and 81 through 83, and the schedules of funding progress and employer contributions on pages 79 and 80 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules — other supplementary information on pages 85 through 133 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except for the budgetary basis financial statements and schedules which are unaudited, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information presented in the Introductory and the Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on it.

KPMG LLP

Indianapolis, Indiana
August 5, 2005

Management's Discussion and Analysis

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

This section of the City of Indianapolis's (City) Comprehensive Annual Financial Report presents an analysis of the City's financial activities for the year ended December 31, 2004 based on currently known facts, decisions, and conditions. For a comprehensive understanding of the financial statements, please review the transmittal letter at the front of this report, along with the City's financial statements, including the footnotes that follow the basic financial statements.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, the City's assets exceeded its liabilities at December 31, 2004 by \$900.3 million. Included in this net asset amount is a \$288.9 million unrestricted deficit due mainly to an unfunded net pension obligation.
- Governmental activities had net assets of \$849.9 million and business-type activities had net assets of \$50.4 million.
- On a government-wide basis, for 2004, the City's total expenses were \$845.2 million, or \$73.6 million more than the \$771.6 million generated in charges for services, grants, taxes, and other revenues.
- As of December 31, 2004, the City's governmental funds reported combined ending fund balances of \$336.1 million. Of this amount, \$201.8 million was unreserved and available for spending at the City's discretion.
- The unreserved fund balance for the general fund was \$152.5 million or 36% of total general fund expenditures.
- The general fund revenues were \$7.3 million lower than original budget estimates.
- In 2004, the City issued \$201.2 million in debt to finance projects and refund debt, including \$143.3 million governmental activities bonds, \$7.9 million governmental activities notes and \$50.0 million Waterworks business-type activity bonds. Outstanding governmental activities bond debt of \$33.6 million was refunded. There was a net increase of \$75.2 million, or 9%, in bond debt for governmental activities during 2004.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements

The first set of financial statements are the government-wide statements, which report information about the City as a whole using accounting methods similar to those used by private-sector companies. The two government-wide statements, **Statement of Net Assets** and **Statement of Activities**, report the City's net assets and how they have changed. In the government-wide statements, a distinction is made between governmental activities and business-type activities. Governmental activities are those normally associated with the operation of a government, such as public safety, parks, and streets. Business-type activities are those activities of the government that are designed to be self-supporting.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Increases and decreases in net assets may serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The statement of net assets also provides information on unrestricted and restricted net assets and net assets invested in capital assets, net of related debt.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

The Statement of Activities presents information showing how the City's net assets changed during the year. All current year's revenues and expenses are accounted for in the statement of activities regardless of the timing of related cash flows. The statement of activities presents the various functions of the City and the extent to which they are supported by charges for services, grants and contributions, taxes, and investment income. The governmental activities of the City include: general government, public safety, public works, health and welfare, culture and recreation, urban redevelopment and housing, and economic development and assistance. The business-type activities of the City include waterworks and housing agency.

Fund Financial Statements

The second set of financial statements is fund financial statements, which provide information about groupings of related accounts which are used to maintain control over resources for specific activities or objectives. The City uses fund accounting to demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. The funds of the City can be divided into the following three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

1. *Governmental Funds*. Governmental funds tell how general government services were financed in the short term as well as what financial resources remain available for future spending to finance City programs.

The City maintains several individual governmental funds according to their type (general, special revenue, debt service, capital projects, and permanent). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, federal grants fund, revenue debt service fund, and sanitary district capital projects fund, which are considered to be major funds. Individual fund data for each of the nonmajor governmental funds are provided in the form of combining statements as supplementary information.

2. *Proprietary Funds*. Proprietary funds offer short-term and long-term financial information about services for which the City charges customers, both external customers and internal departments of the City. The City maintains the following two types of proprietary funds:
 - *Enterprise Funds* are used to report information similar to business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the operations of the Waterworks Department and the Housing Agency.
 - *Internal Service Funds* are used to report activities that provide services for certain City programs and activities. The City uses internal service funds to provide for the financing of workers' compensation, auto liability, and public liability self-insurance for all City departments, as well as for the centralization of certain payments of awards, refunds, and indemnities.
3. *Fiduciary Funds*. Fiduciary funds are used to account for resources held for the benefit of individuals or units of other governments. The City is the trustee or fiduciary responsible for assets that can be used for the trust beneficiaries per trust arrangements. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City's pension trust funds and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and notes to the basic financial statements, this report presents required supplementary information concerning the City's budgetary comparisons for the general fund and federal grants fund, and required supplementary information pertaining to the City's progress in funding its obligation to provide pension benefits to its employees.

Additional Supplementary Information

The combining statements provide subfund-level detail for the general fund and fund-level detail for all nonmajor governmental funds, internal service funds, pension trust funds, and agency funds. Also in this section are comparisons of actual to budget for all other annually budgeted funds.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net assets. The City's combined net assets at December 31, 2004 and 2003 were \$900.3 million and \$973.9 million, respectively. Looking at the net assets of governmental and business-type activities separately provides additional information.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

City of Indianapolis, Indiana
Schedule of Net Assets
December 31, 2004 and 2003
(dollars in thousands)

	Governmental activities 2004	Governmental activities 2003	Business-type activities 2004	Business-type activities 2003	Total 2004	Total 2003
Assets:						
Current and other assets	\$ 480,983	\$ 526,465	\$ 385,541	\$ 368,080	\$ 866,524	\$ 894,545
Capital assets, net of accumulated depreciation	1,843,883	1,787,510	442,279	412,255	2,286,162	2,199,765
Total assets	<u>2,324,866</u>	<u>2,313,975</u>	<u>827,820</u>	<u>780,335</u>	<u>3,152,686</u>	<u>3,094,310</u>
Liabilities:						
Long-term liabilities	1,389,054	1,305,659	730,812	681,833	2,119,866	1,987,492
Other liabilities	85,894	96,369	46,643	36,572	132,537	132,941
Total liabilities	<u>1,474,948</u>	<u>1,402,028</u>	<u>777,455</u>	<u>718,405</u>	<u>2,252,403</u>	<u>2,120,433</u>
Net assets:						
Invested in capital assets, net of related debt	937,980	907,914	80,005	79,595	1,017,985	987,509
Restricted	170,840	161,986	406	355	171,246	162,341
Unrestricted (deficit)	<u>(258,902)</u>	<u>(157,953)</u>	<u>(30,046)</u>	<u>(18,020)</u>	<u>(288,948)</u>	<u>(175,973)</u>
Total net assets	<u>\$ 849,918</u>	<u>\$ 911,947</u>	<u>\$ 50,365</u>	<u>\$ 61,930</u>	<u>\$ 900,283</u>	<u>\$ 973,877</u>

ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$900.3 million in 2004 as compared to \$973.9 million for the previous year.

The largest portion of the City's net assets reflects its investments of \$1,018.0 million in capital assets (e.g., land, buildings, equipment, and infrastructure), less related outstanding debt used to acquire those assets. The 2003 balance was \$987.5 million. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be liquidated for these liabilities.

Included in the City's total net assets is \$171.2 million versus \$162.3 million in 2003, which represents resources that are subject to external restrictions on how they may be used.

All net assets generated by governmental activities are either externally restricted or invested in capital assets. Consequently, unrestricted governmental net assets showed a \$258.9 million deficit at the end of the year as compared to a \$158.0 million deficit for the prior year. This deficit does not mean the City does not have resources available to pay its bills. Rather, it is the result of having long-term commitments that are greater than currently available resources, mainly net pension obligation of \$369.6 million for police and firefighters hired before May 1, 1977.

Unrestricted net assets of the business-type activities showed a \$30.0 million deficit at the end of the year as compared to an \$18.0 million deficit for the prior year. This deficit will be recovered over time when revenues will overtake the declining debt service on the debt required to purchase the Waterworks facilities.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

Changes in net assets. The City's total revenue on a government-wide basis for 2004 was \$771.6 million and \$784.4 million for 2003. Taxes represent 40% (43% in 2003) of the City's revenue. Another 31% (29% in 2003) came from fees charged for services, and the remainder came from grants and contributions, interest earnings, and miscellaneous revenues.

The total cost of all programs and services was \$845.2 million (\$907.5 million for 2003). The City's expenses cover a range of typical city/county services. The largest program and the program with the largest burden on general revenues was public safety.

City of Indianapolis, Indiana
Schedule of Changes in Net Assets
For the Year Ended December 31, 2004 and 2003
(dollars in thousands)

	Governmental activities 2004	Governmental activities 2003	Business-type activities 2004	Business-type activities 2003	Total 2004	Total 2003
Revenues:						
Program revenues:						
Charges for services	\$ 131,214	\$ 127,079	\$ 104,350	\$ 103,640	\$ 235,564	\$ 230,719
Operating grants and contributions	108,318	114,018	51,312	48,728	159,630	162,746
Capital grants and contributions	39,071	17,067	4,649	13,239	43,720	30,306
General revenues:						
Property tax	232,224	246,741	—	—	232,224	246,741
Other taxes	78,621	91,651	—	—	78,621	91,651
Other general revenues	18,885	21,246	2,963	999	21,848	22,245
Total revenues	<u>608,333</u>	<u>617,802</u>	<u>163,274</u>	<u>166,606</u>	<u>771,607</u>	<u>784,408</u>
Expenses:						
General government	44,818	45,091	—	—	44,818	45,091
Public safety	282,674	281,301	—	—	282,674	281,301
Public works	170,719	268,747	—	—	170,719	268,747
Health and welfare	4,870	6,146	—	—	4,870	6,146
Culture and recreation	33,253	35,821	—	—	33,253	35,821
Urban redevelopment and housing	32,282	32,785	—	—	32,282	32,785
Economic development and assistance	51,334	25,470	—	—	51,334	25,470
Interest	50,412	49,724	—	—	50,412	49,724
Waterworks	—	—	115,775	104,634	115,775	104,634
Housing Agency	—	—	59,064	57,749	59,064	57,749
Total expenses	<u>670,362</u>	<u>745,085</u>	<u>174,839</u>	<u>162,383</u>	<u>845,201</u>	<u>907,468</u>
Change in net assets before accounting change	(62,029)	(127,283)	(11,565)	4,223	(73,594)	(123,060)
Cumulative effect of accounting change	—	—	—	8,838	—	8,838
Change in net assets	<u>(62,029)</u>	<u>(127,283)</u>	<u>(11,565)</u>	<u>13,061</u>	<u>(73,594)</u>	<u>(114,222)</u>
Net assets – beginning of year	<u>911,947</u>	<u>1,039,230</u>	<u>61,930</u>	<u>48,869</u>	<u>973,877</u>	<u>1,088,099</u>
Net assets – end of year	<u>\$ 849,918</u>	<u>\$ 911,947</u>	<u>\$ 50,365</u>	<u>\$ 61,930</u>	<u>\$ 900,283</u>	<u>\$ 973,877</u>

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

Governmental activities. Governmental activities decreased the City's net assets by \$62.0 million. Key factors influencing this decrease were as follows:

- The unfunded net pension obligation increased by \$37.2 million.
- Unusually high economic development expense due to a \$24.9 million incentive to a developer to build a luxury hotel downtown and a \$15.5 million incentive to the Simon Property Group to build its headquarters downtown. See Notes to Financial Statements for more information.

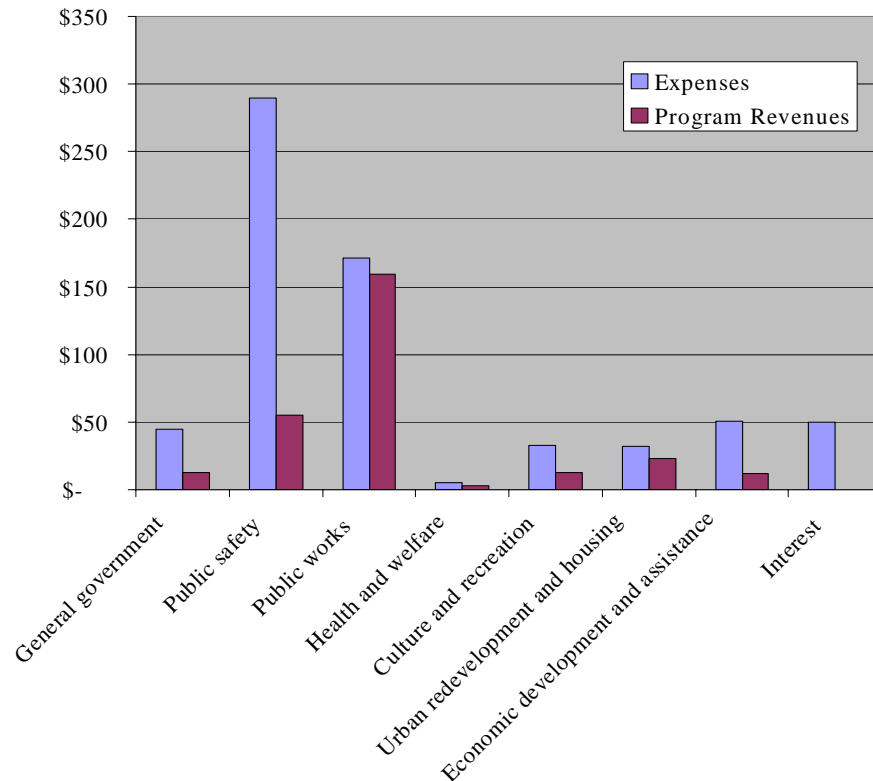
Total revenues for governmental activities in 2004 were \$608.3 million, a decrease of \$9.5 million from the prior year.

Total expenses for governmental activities for 2004 were \$670.4 million, a decrease of \$74.7 million from the prior year, mainly due to decreased depreciation in the public works activity.

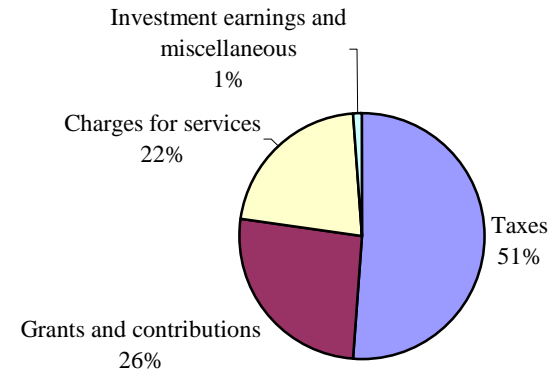
See page 22 for various other items contributing to the \$62.0 million decrease in net assets versus the \$33.8 million decrease in fund balances.

The following charts provide the City's governmental program revenues and expenses by function and revenues by source for 2004. As shown, public safety is the largest function in expense. General revenues such as property tax are not shown by program, but are included in the revenues by source chart to show their significance. Taxes are used to support program activities city-wide.

Expenses and Program Revenues - Governmental Activities
(in millions)



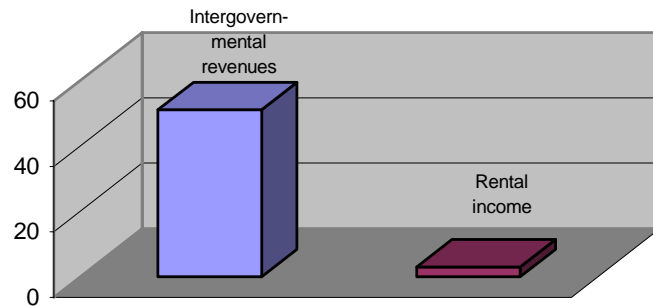
Revenues by Source - Governmental Activities



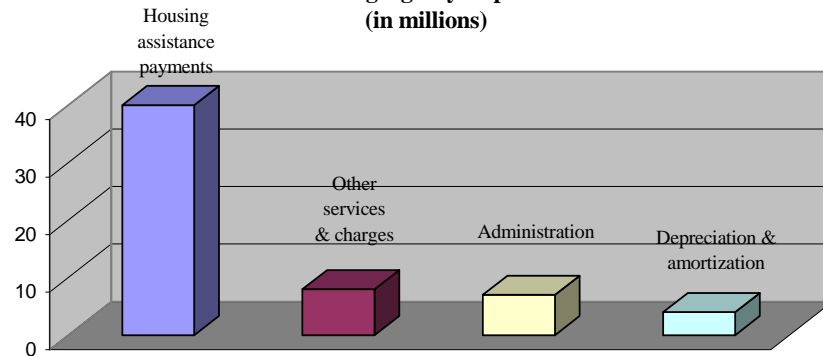
CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

Business-type activities. For the Housing Agency, operating revenues were \$3.3 million and operating expenses were \$58.9 million including depreciation of \$4.1 million. Nonoperating revenues included \$51.4 million of intergovernmental revenues and \$3.0 million of capital contributions was received. Operating revenues for the Waterworks were from the sale of water of \$101.1 million. In 2004, \$42.0 million was paid to a third-party contractor to operate the system. Other operating expenses include payments in lieu of property taxes, increases in the outstanding liability for postemployment benefits, depreciation and amortization, and other miscellaneous costs totaling \$40.3 million.

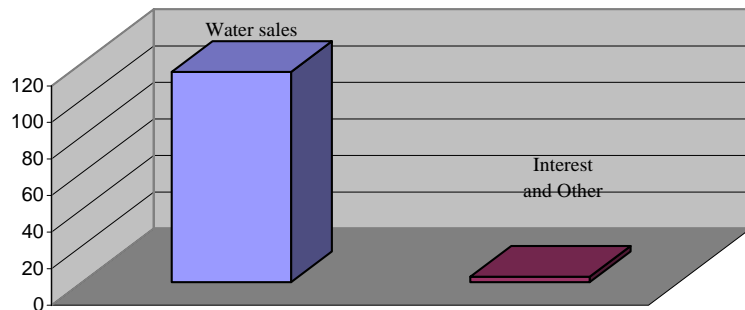
Housing Agency Revenues
(in millions)



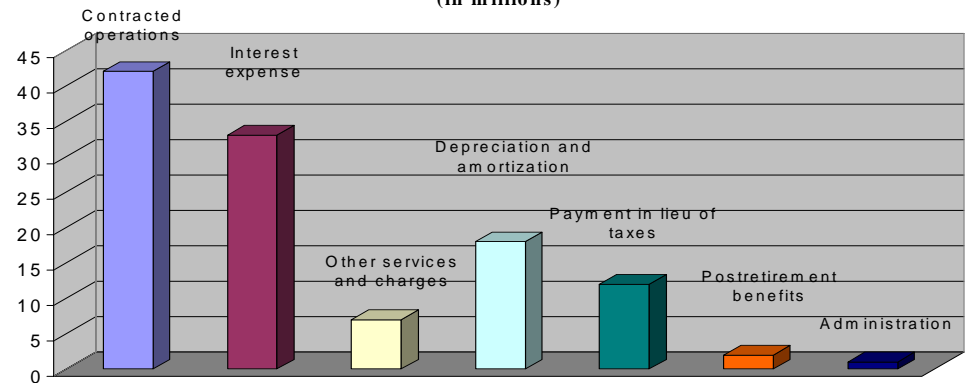
Housing Agency Expenses
(in millions)



Waterworks Revenue
(in millions)



Waterworks Expense
(in millions)



CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The focus of the City's governmental funds is to provide information on inflows and balances of resources that are available for spending. An unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

At December 31, 2004, the unreserved fund balance of the general fund was \$152.5 million (as compared to \$162.5 million in 2003), while the total general fund balance was \$165.9 million (as compared to \$179.1 million in 2003). As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures and transfers out. Unreserved fund balance represents 34% of total general fund expenditures and transfers out of \$446.3 million (as compared to 36% and \$450.9 million for 2003), while total fund balance represents 37% (40% for 2003) of total general fund expenditures and transfers out. The fund balance in the City's general fund decreased by \$13.2 million or 7% from the prior year fund balance.

The revenue debt service fund ended the year with a \$90.1 million fund balance (as compared to \$84.9 million in 2003) reserved for debt service. The sanitary district capital projects fund ended the year with an unreserved fund balance of \$15.8 million (\$17.8 million in 2003) and a total fund balance of \$16.7 million (\$24.3 million in 2003). The federal grants fund ended the year with a negative unreserved fund balance of \$1.5 million (\$0.7 million negative in 2003) and a positive total fund balance of \$0.05 million (\$0.3 million in 2003).

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

At the end of the year, the unrestricted net assets (deficit) was \$(29.1) million (\$(16.8) million in 2003) for the Waterworks and \$(1.0) million (\$(1.2) million for 2003) for the Housing Agency. The internal service funds, which are used to account for certain risk management governmental activities, had \$8.1 million in unrestricted net assets at year-end (\$14.2 million in 2003).

Fiduciary Funds

The City maintains fiduciary funds for the assets of the pension trust funds for police and firefighters hired before May 1, 1977. As of the end of 2004, the net assets of these pension funds totaled \$11.0 million, representing a decrease of \$10.0 million in total net assets during the year.

The City is the custodian of certain agency funds, and the most common use of agency funds is for pass-through activity. Since, by definition, all assets of the agency funds are held for the benefit of other entities, there are no net assets. As of the end of 2004, the combined gross assets of the agency funds totaled \$8.6 million (\$6.1 million in 2003). This amount is comprised of activity from the following agency funds: Barrett Law, Sanitation 15 Year Law, UAL Personal Property, E-911 Allocation, DPS Retiree Health Insurance, IPD Confiscated Cash, and other.

General Fund Budgetary Highlights

The final budget for the City's general fund represents the original budget plus any additional supplemental appropriations during the year. It does not include encumbrances carried over from the prior year. In 2004, there were \$12.8 million of supplemental appropriations to the general fund. This appropriation consisted primarily of \$4.9 million for public safety, \$2.2 million for economic development and assistance, and \$2.9 million for capital expenditures. These increases were funded from fund balances.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

Excluding prior year encumbrances, the original general fund expenditures budget for 2004 was \$370.9 million. The final general fund expenditures budget was \$383.8 million. Actual expenditures were \$373.1 million. Of the total \$10.7 million underspending from the final budget, \$2.2 million was in public safety, \$2.8 million was in public works, and \$3.3 million was in capital expenditures. General revenues and other resources were originally estimated at \$364.8 million, final estimated at \$361.7 million, and the actual was \$357.1 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City had a net investment of \$2.3 billion in capital assets at December 31, 2004 (net of accumulated depreciation of \$2.8 billion) in a broad range of capital assets. This amount represents a net increase for the current year (including additions and deductions) of \$86.4 million.

City of Indianapolis, Indiana
Schedule of Capital Assets
Net of Depreciation
December 31, 2004 and 2003
(dollars in thousands)

	Governmental activities December 31, 2004	Governmental activities December 31, 2003	Business-type activities December 31, 2004	Business-type activities December 31, 2003	Total 2004	Total 2003
Land	\$ 70,073	\$ 66,223	\$ 34,091	\$ 34,008	\$ 104,164	\$ 100,231
Construction in progress	173,476	148,465	30,711	18,445	204,187	166,910
Buildings	387,787	373,735	42,865	44,796	430,652	418,531
Improvements	81,738	84,514	—	—	81,738	84,514
Equipment	41,933	35,374	12,906	12,058	54,839	47,432
Infrastructure	1,088,876	1,079,199	321,706	302,948	1,410,582	1,382,147
Total	\$ 1,843,883	\$ 1,787,510	\$ 442,279	\$ 412,255	\$ 2,286,162	\$ 2,199,765

Major capital asset additions in 2004 for governmental activities included:

- \$81.4 million of additions to construction in progress, principally infrastructure and buildings. Reductions to construction in progress were \$56.4 million.
- \$14.0 million of additions to equipment, principally for public safety.
- \$74.7 million of additions to infrastructure, principally \$33.9 million for sewers and drains, and \$28.9 million for streets, curbs, and sidewalks.

Depreciation expense for 2004 for governmental activities was \$69.1 million.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

Major capital asset additions for Waterworks were \$43.4 million of additions to the water distribution and treatment system (including construction in progress), which included \$1.7 million of contributed capital assets.

At December 31, 2004, the City had commitments related to ongoing capital asset construction projects of \$90.5 million.

See note 7 to the financial statements for more information regarding capital assets.

Long-term Debt

At the end of 2004, the City had outstanding long-term debt and other long-term obligations for governmental activities of \$1.4 billion, compared to \$1.3 billion at December 31, 2003, as shown below:

City of Indianapolis, Indiana
Schedule of Long-term Debt Obligations
(dollars in thousands)

	December 31, 2004	December 31, 2003	% Change
Governmental activities:			
Serial bonds payable	\$ 256,093	\$ 272,934	(6.2) %
Tax increment bonds payable	480,698	462,854	3.9 %
Revenue bonds	204,640	129,206	58.4 %
Loss on refunding	(3,870)	(4,160)	(7.0) %
Deferred discounts	(538)	(155)	247.1 %
Deferred premiums	5,711	6,828	(16.4) %
Long-term notes payable	51,421	80,998	(36.5) %
Long-term leases payable	2,914	4,265	(31.7) %
Unfunded net pension obligation	369,563	332,374	11.2 %
Compensated absences	20,304	18,834	7.8 %
Settlements payable	2,118	1,681	26.0 %
Total	<u>\$ 1,389,054</u>	<u>\$ 1,305,659</u>	<u>6.4 %</u>
Business-type activities:			
Housing Agency	\$ 3,928	\$ 4,193	(6.3) %
Waterworks	<u>726,884</u>	<u>677,611</u>	<u>7.3 %</u>
Total	<u>\$ 730,812</u>	<u>\$ 681,804</u>	<u>7.2 %</u>

In July 2004, the City issued Redevelopment District Tax Increment Revenue Bonds Series 2004 A of \$12.6 million to pay off Redevelopment District Limited Recourse Notes Series 2001 A.

In October 2004, the City issued Redevelopment District Taxable Junior Subordinate Tax Increment Refunding Bonds Series 2004 A of \$14.6 million and Series 2004 B of \$14.0 million to refund the Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds Series 2003 A and 2003 B.

CITY OF INDIANAPOLIS
Management's Discussion and Analysis
Year ended December 31, 2004

In October 2004, the City issued Economic Development Revenue Bonds Series 2004 C-1 of \$16.1 million to finance a portion of the incentive to the Simon Property Group for locating its headquarters downtown and Series 2004 C-2 of \$1.5 million to finance certain economic development projects in the Consolidated Redevelopment Allocation Area.

In June 2004, the City issued Economic Development Revenue Bonds Series 2004 B of \$9.9 million to provide incentive to a developer for construction of a luxury hotel downtown.

In June 2004, the City issued Demand Economic Development Revenue Bonds of 2004 Series C of \$19.6 million to provide incentive to a developer for construction of a luxury hotel downtown.

In June 2004, the City issued Sanitary District Revenue Bonds of 2004 Series G of \$8.6 million to pay down the Sanitary District Bond Anticipation Note 2003 A. The funds were borrowed through the State of Indiana Wastewater Loan Program. The City drew down \$8.6 million during 2004 and \$8.6 million was outstanding at December 31, 2004.

In August 2004, the City issued Sanitary District Revenue Bonds of 2004 Series H of \$25.0 million to pay down Sanitary Commercial Paper 2002 and construct sewer improvements. The funds were borrowed through the State of Indiana Wastewater Loan Program. The City drew down \$8.1 million in 2004 and \$8.1 million was outstanding at December 31, 2004.

In December 2004, the City issued Sanitary District Revenue Bonds of 2004 Series I of \$70.0 million to construct sewer improvements. The funds were borrowed through the State of Indiana Wastewater Loan Program. The City drew down \$1.4 million in 2004 and \$1.4 million was outstanding at December 31, 2004.

During 2004, the City increased by \$37.0 million the draws against prior years' Sanitary District revenue bond issues under the State of Indiana Wastewater Loan Program. For these four prior issues the balance outstanding at December 31, 2004 was \$88.6 million.

During 2004, the City added \$7.9 million of notes payable, mainly for the purchase of vehicles.

The increase in unfunded net pension obligation reflects that the pay-as-you-go pension plan is not funded and continues to grow each year. The increase in compensated absences reflects increases in salaries and increases in the number of hours being carried forward.

In May 2004, the City issued Waterworks District Net Revenue Bonds of \$50.0 million for capital improvements. The outstanding balance at December 31, 2004 was \$50.0 million.

See note 10 to the financial statements for more information regarding long-term debt.

Bond ratings. Since 1998, the City's general obligation bonds have been rated AAA by all three bond rating agencies. The City's other debt, principally revenue bonds and notes, have been insured to attain a rating of AAA.

Limitations on debt. The state limits the amount of general obligation debt the City can issue to varying percents of assessed value, by taxing district, as shown in the statistical section. The City's outstanding debt is well below the limit in each case.

ECONOMIC FACTORS AND THE 2005 BUDGET

- The 2005 original budget for all annually budgeted funds, except revenue debt service funds, was \$542.6 million. Revisions of \$7.3 million have been made through June 2005.
- The 2005 general fund original budget was \$377.9 million, an increase of 1.9% from the 2004 original general fund budget of \$370.9 million. Revisions (additions) of \$1.1 million have been made through June 2005.
- The City appropriated \$39.5 million from the unreserved general fund balance at December 31, 2004 for spending in fiscal year 2005.
- Unemployment rates were as follows:

	May 2004	May 2005
City of Indianapolis	4.6%	4.2%
State of Indiana	5.1%	4.8%
United States	5.6%	5.1%

- The City expects to continue to face increasing pension costs for its Police and Firefighters' Pension Plans. The City issued \$100 million of Taxable General Obligation Pension Bonds in February 2005 to be applied to the unfunded pension obligation.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives.

If you have any questions about this report or need additional information, please contact the City of Indianapolis Controller's Office, 200 East Washington Street, Suite 2222, Indianapolis, Indiana 46204.

Basic Financial Statements

CITY OF INDIANAPOLIS
Statement of Net Assets
December 31, 2004
(In Thousands)

	Governmental activities	Business-type activities	Total
ASSETS			
Equity in pooled cash	\$ 9,567	\$ 2,211	\$ 11,778
Cash and investments with fiscal agents	149,193	685	149,878
Investments	238,788	21,208	259,996
Accrued interest receivable	992	297	1,289
Property taxes receivable	7,382	—	7,382
Accounts receivable, less allowance for uncollectibles	53,063	12,721	65,784
Due from federal and state governments	10,284	973	11,257
Internal balances	733	(733)	—
Other	—	404	404
Long-term receivables, less allowance for uncollectibles	976	1,178	2,154
Restricted assets	—	71,803	71,803
Deferred bond and note issuance costs	7,934	20,069	28,003
Net pension asset	2,071	—	2,071
Deferred charges	—	1,690	1,690
Intangible assets, net of accumulated amortization	—	228,667	228,667
Deferred charge – postretirement benefits	—	23,635	23,635
Capital assets:			
Land	70,073	34,091	104,164
Infrastructure, net of accumulated depreciation	1,088,876	321,706	1,410,582
Other capital assets, net of accumulated depreciation	511,458	55,771	567,229
Construction in progress	173,476	30,711	204,187
	<u>2,324,866</u>	<u>827,087</u>	<u>3,151,953</u>
Total assets	\$	\$	\$

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Net Assets
December 31, 2004
(In Thousands)

	Governmental activities	Business-type activities	Total
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Accounts payable and other current liabilities	\$ 59,946	\$ 29,928	\$ 89,874
Accrued interest payable	18,871	1,021	19,892
Unearned revenue	7,077	—	7,077
Customer deposits	—	2,309	2,309
Payments in lieu of taxes	—	12,652	12,652
Long-term liabilities:			
Due within one year	88,908	3,085	91,993
Due in more than one year	1,300,146	727,727	2,027,873
	<u>1,474,948</u>	<u>776,722</u>	<u>2,251,670</u>
Total liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	937,980	80,005	1,017,985
Restricted for:			
Capital projects	36,473	406	36,879
Debt service	132,400	—	132,400
Other purposes by grantors	1,628	—	1,628
Other purposes by contributor – nonexpendable	339	—	339
Unrestricted (deficit)	(258,902)	(30,046)	(288,948)
	<u>(258,902)</u>	<u>(30,046)</u>	<u>(288,948)</u>
Total net assets	\$ <u>849,918</u>	\$ <u>50,365</u>	\$ <u>900,283</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Activities
Year ended December 31, 2004
(In Thousands)

	Program revenues				Net (expense) revenue and changes in net assets		
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
<u>Functions/Programs</u>							
Governmental activities:							
General government	\$ 44,818	\$ 12,448	\$ 141	\$ 59	\$ (32,170)	\$ —	\$ (32,170)
Public safety	282,674	12,893	41,533	201	(228,047)	—	(228,047)
Public works	170,719	97,162	34,680	27,369	(11,508)	—	(11,508)
Health and welfare	4,870	995	2,094	—	(1,781)	—	(1,781)
Cultural and recreation	33,253	4,674	1,209	7,442	(19,928)	—	(19,928)
Urban redevelopment and housing	32,282	1,166	22,317	—	(8,799)	—	(8,799)
Economic development and assistance	51,334	1,876	6,344	4,000	(39,114)	—	(39,114)
Interest	50,412	—	—	—	(50,412)	—	(50,412)
Total governmental activities	670,362	131,214	108,318	39,071	(391,759)	—	(391,759)
Business-type activities:							
Waterworks	115,775	101,074	77	1,666	—	(12,958)	(12,958)
Housing Agency	59,064	3,276	51,235	2,983	—	(1,570)	(1,570)
Total business-type activities	174,839	104,350	51,312	4,649	—	(14,528)	(14,528)
Total	\$ 845,201	\$ 235,564	\$ 159,630	\$ 43,720	(391,759)	(14,528)	(406,287)
General revenues:							
Taxes:							
Property tax					232,224	—	232,224
Wheel tax					13,541	—	13,541
County option income tax					46,843	—	46,843
Other taxes					18,237	—	18,237
Grants and contributions not restricted by function					11,922	—	11,922
Investment earnings not restricted by function					3,150	2,963	6,113
Miscellaneous					3,813	—	3,813
Total general revenues					329,730	2,963	332,693
Change in net assets					(62,029)	(11,565)	(73,594)
Net assets – beginning					911,947	61,930	973,877
Net assets – ending					\$ 849,918	\$ 50,365	\$ 900,283

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Balance Sheet – Governmental Funds
December 31, 2004
(In Thousands)

	<u>General</u>	<u>Federal Grants</u>	<u>Revenue Debt Service</u>	<u>Sanitary District Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Equity in pooled cash	\$ 5,474	\$ 659	\$ 524	\$ 658	\$ 1,787	\$ 9,102
Cash and investments with fiscal agents	9,003	—	93,586	50	46,475	149,114
Investments	148,924	1,090	14,284	17,960	43,816	226,074
Accrued interest receivable	579	7	66	74	215	941
Property taxes receivable	5,248	—	908	—	1,226	7,382
Accounts receivable, less allowance of \$4,044	42,723	—	15	5,113	4,522	52,373
Due from federal and state governments	993	9,013	—	—	278	10,284
Due from other funds	733	119	—	—	—	852
Long-term receivables, less allowance of \$16,569	—	976	—	—	—	976
Total assets	<u>\$ 213,677</u>	<u>\$ 11,864</u>	<u>\$ 109,383</u>	<u>\$ 23,855</u>	<u>\$ 98,319</u>	<u>\$ 457,098</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Matured bonds payable	\$ —	\$ —	\$ 7,790	\$ —	\$ 19,964	\$ 27,754
Matured interest payable	—	—	2,600	—	6,611	9,211
Accounts payable and other accrued liabilities	16,584	4,756	8,030	7,171	3,375	39,916
Accrued payroll and payroll taxes	14,076	40	—	—	4	14,120
Due to other funds	54	—	—	—	65	119
Deferred revenue	17,094	7,021	908	—	4,868	29,891
Total liabilities	<u>47,808</u>	<u>11,817</u>	<u>19,328</u>	<u>7,171</u>	<u>34,887</u>	<u>121,011</u>
Fund balances:						
Reserved for:						
Long-term receivables	—	963	—	—	—	963
Encumbrances	13,330	623	—	869	12,131	26,953
Debt service	—	—	90,055	—	16,301	106,356
Unreserved, reported in:						
General fund	152,539	—	—	—	—	152,539
Special revenue funds	—	(1,539)	—	—	2,115	576
Capital project funds	—	—	—	15,815	32,546	48,361
Permanent fund	—	—	—	—	339	339
Total fund balances	<u>165,869</u>	<u>47</u>	<u>90,055</u>	<u>16,684</u>	<u>63,432</u>	<u>336,087</u>
Total liabilities and fund balances	<u>\$ 213,677</u>	<u>\$ 11,864</u>	<u>\$ 109,383</u>	<u>\$ 23,855</u>	<u>\$ 98,319</u>	<u>\$ 457,098</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Reconciliation of the Balance Sheet for Governmental Funds
to the Statement of Net Assets
December 31, 2004
(In Thousands)

Amounts reported for governmental activities in the statement of net assets (page 16) are different because:

Fund balances – total governmental funds (page 18)	\$ 336,087
Capital assets not reported in the fund statements	1,843,883
Net assets of internal service funds	8,089
Long-term liabilities not in the fund statements (note 19)	(1,361,300)
Deferred revenues in fund statements not in the statement of net assets	22,814
Net pension asset not recorded in the fund statements	2,071
Deferred bond and note issuance costs not in the fund statements	7,934
Accrued interest payable not in the fund statements	<u>(9,660)</u>
Net assets of governmental activities (page 16)	\$ <u><u>849,918</u></u>

CITY OF INDIANAPOLIS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2004
(In Thousands)

	<u>General</u>	<u>Federal Grants</u>	<u>Revenue Debt Service</u>	<u>Sanitary District Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Taxes	\$ 211,672	\$ —	\$ 58,906	\$ —	\$ 39,950	\$ 310,528
Licenses and permits	7,564	—	—	—	—	7,564
Charges for services	108,307	—	277	—	2,468	111,052
Intergovernmental revenues	80,475	34,701	513	—	5,636	121,325
Intragovernmental revenues	1,922	—	—	—	—	1,922
Traffic violations and court fees	2,717	648	—	—	1,539	4,904
Interest and other operating revenues	11,637	(34)	995	183	4,502	17,283
Total revenues	<u>424,294</u>	<u>35,315</u>	<u>60,691</u>	<u>183</u>	<u>54,095</u>	<u>574,578</u>
Expenditures:						
Current:						
General government	25,355	22	—	—	163	25,540
Public safety	223,149	6,986	—	—	408	230,543
Public works	114,216	110	—	—	788	115,114
Health and welfare	3,425	1,385	—	—	3	4,813
Cultural and recreation	26,078	680	—	—	21	26,779
Urban redevelopment and housing	5,447	20,954	—	—	—	26,401
Economic development and assistance	3,082	1,116	—	—	428	4,626
Debt service:						
Redemption of bonds and notes including advance refunding escrow amount	2,808	205	30,855	16,700	35,698	86,266
Interest on bonds and notes	1,699	19	26,852	233	13,896	42,699
Bond and note issuance costs	—	—	511	443	2,715	3,669
Operating lease payments and administration	—	—	1,275	—	17,487	18,762
Capital outlays	19,931	4,094	—	46,845	80,236	151,106
Total expenditures	<u>425,190</u>	<u>35,571</u>	<u>59,493</u>	<u>64,221</u>	<u>151,843</u>	<u>736,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (896)</u>	<u>\$ (256)</u>	<u>\$ 1,198</u>	<u>\$ (64,038)</u>	<u>\$ (97,748)</u>	<u>\$ (161,740)</u>

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year ended December 31, 2004
(In Thousands)

	<u>General</u>	<u>Federal Grants</u>	<u>Revenue Debt Service</u>	<u>Sanitary District Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources and (uses):						
Bonds and notes issued	\$ —	\$ —	\$ —	\$ 55,232	\$ 67,399	\$ 122,631
Refunding bonds issued	—	—	28,585	—	—	28,585
Payment to refunded bond escrow agent	—	—	(28,585)	—	—	(28,585)
Discount on bonds and notes issued	—	—	—	—	(395)	(395)
Sale of capital assets	484	—	—	—	23	507
Transfers in	8,325	9	11,034	1,200	23,892	44,460
Transfers out	(21,119)	—	(7,122)	—	(11,019)	(39,260)
Total other financing sources and (uses)	<u>(12,310)</u>	<u>9</u>	<u>3,912</u>	<u>56,432</u>	<u>79,900</u>	<u>127,943</u>
Net change in fund balances	(13,206)	(247)	5,110	(7,606)	(17,848)	(33,797)
Fund balances at beginning of year	<u>179,075</u>	<u>294</u>	<u>84,945</u>	<u>24,290</u>	<u>81,280</u>	<u>369,884</u>
Fund balances at end of year	<u>\$ 165,869</u>	<u>\$ 47</u>	<u>\$ 90,055</u>	<u>\$ 16,684</u>	<u>\$ 63,432</u>	<u>\$ 336,087</u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended December 31, 2004

(In Thousands)

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Net change in fund balances – total governmental funds (page 21)	\$ (33,797)
Depreciation expense reported in the statement of activities but not in the fund statements	(69,079)
Capital expenditures reported in the fund statements but reported as additions to capital assets in the statement of activities	114,970
Donations of capital assets not recorded in the fund statements	28,475
Loss on disposal of capital assets not recorded in the fund statements	(17,993)
Revenues in the statement of activities that do not provide current financial resources and are deferred in the fund statements	22,814
Revenues in the fund statements but not in current year statement of activities due to the current financial resources focus of the governmental funds	(22,912)
Bond, notes, and capital leases issued reported as financing sources in the fund statements but as additions to long-term liabilities in the statement of activities (note 19)	(150,821)
Bond and note principal payments reported as expenditures in the fund statements but as reductions of long-term liabilities in the statement of activities (note 19)	114,851
Forgiveness of portion of Brownfields note payable	35
Settlement payment reported as expenditure in the fund statements but as reduction of long-term liabilities in the statement of activities	560
Additions to settlements payable reported as expense in statement of activities but not in funds statement	(997)
Net revenue of internal service funds reported with governmental activities	(6,139)
Amortization of bond premium, discount, and loss on refunding reported in the statement of activities but not in the fund statements	815
Increase in compensated absences not reported in the fund statements	(1,470)
Decrease in net pension asset which is not reported in the fund statements	(644)
Amortization of bond and note issuance costs reported in the statement of activities but not in the fund statements, as these amounts are reported when debt is issued	(376)
Capital appreciation bond interest expense which is reported as interest accretes for the statement of activities but not the fund statements, as there is no cash outflow	(8,154)
Current year bond and note issuance costs which are deferred and amortized for the statement of activities but reported when paid in the fund statements	3,669
Capital lease payments reported as expenditures in the fund statements but as reduction of debt in the statement of activities	1,351
Accrued interest on bonds and notes payable through December 31, 2004 reported as expenses in the statement of activities but not the fund statements	(9,660)
Accrued interest at December 31, 2003 not reported in the current year statement of activities but reported in the fund statements, as amounts were paid in the current year	9,662
Increase in net pension obligation which is not reported in the fund statements	<u>(37,189)</u>
Change in net assets of governmental activities (page 17)	\$ <u><u>(62,029)</u></u>

CITY OF INDIANAPOLIS
Statement of Net Assets
Proprietary Funds
December 31, 2004
(In Thousands)

	Business-type activities – Enterprise Funds			Governmental
	Waterworks	Housing Agency	Total	activities – Internal Service Funds
ASSETS				
Current assets:				
Equity in pooled cash	\$ 778	\$ 1,433	\$ 2,211	\$ 465
Cash and investments with fiscal agent	685	—	685	79
Investments	21,208	—	21,208	12,714
Accrued interest receivable	297	—	297	51
Accounts receivable, less allowance for uncollectibles	12,661	60	12,721	—
Due from federal and state governments	—	973	973	—
Other	115	289	404	—
Total current assets	35,744	2,755	38,499	13,309
Noncurrent assets:				
Long-term receivables	—	1,178	1,178	—
Restricted cash and investments	71,209	594	71,803	—
Deferred charges	1,690	—	1,690	—
Intangible assets, net of accumulated amortization	228,667	—	228,667	—
Bond issuance cost	20,069	—	20,069	—
Deferred charge – postretirement benefits	23,635	—	23,635	—
Capital assets:				
Land	16,829	17,262	34,091	—
Infrastructure, net of accumulated depreciation	321,706	—	321,706	—
Other capital assets, net of accumulated depreciation	11,252	44,519	55,771	—
Construction in progress	30,711	—	30,711	—
Total assets	\$ 761,512	\$ 66,308	\$ 827,820	\$ 13,309

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Net Assets
Proprietary Funds
December 31, 2004
(In Thousands)

	Business-type activities – Enterprise Funds			Governmental activities – Internal Service Funds
	Waterworks	Housing Agency	Total	
LIABILITIES				
Current liabilities:				
Accounts payable and other accrued liabilities	\$ 25,528	\$ 3,836	\$ 29,364	\$ 5,220
Accrued payroll and payroll taxes	6	558	564	—
Customer deposits	2,309	—	2,309	—
Leases payable, current portion	—	591	591	—
Interest payable	997	24	1,021	—
Short-term notes payable	217	250	467	—
Short-term revenue bonds payable	1,965	—	1,965	—
Payments in lieu of taxes	12,652	—	12,652	—
Due to other funds	733	—	733	—
Total current liabilities	44,407	5,259	49,666	5,220
Noncurrent liabilities:				
Compensated absences payable	—	346	346	—
Long-term notes payable	869	239	1,108	—
Lease payable, long-term portion	—	2,502	2,502	—
Customer advances	15,118	—	15,118	—
Accumulated postretirement benefit obligation	42,000	—	42,000	—
Long-term revenue bonds payable	666,715	—	666,715	—
Total liabilities	769,109	8,346	777,455	5,220
NET ASSETS				
Invested in capital assets, net of related debt	21,497	58,508	80,005	—
Restricted for capital improvements	—	406	406	—
Unrestricted	(29,094)	(952)	(30,046)	8,089
Total net assets (deficit)	\$ (7,597)	\$ 57,962	\$ 50,365	\$ 8,089

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year ended December 31, 2004
(In Thousands)

	Business-type activities – Enterprise Funds			Governmental activities – Internal Service Funds
	Waterworks	Housing Agency	Total Enterprise Funds	
Operating revenues:				
Water sales pledged as security for revenue bonds	\$ 101,074	\$ —	\$ 101,074	\$ —
Rental income	—	3,112	3,112	—
Charges to other funds	—	—	—	3,067
Other	—	164	164	—
Total operating revenues	101,074	3,276	104,350	3,067
Operating expenses:				
Contracted operations	42,028	—	42,028	—
Housing assistance payments	—	39,894	39,894	—
Payments in lieu of taxes	11,993	—	11,993	—
Postretirement benefits	2,239	—	2,239	—
Other services and charges	6,498	7,900	14,398	—
Claims	—	—	—	3,987
Administration	1,153	6,979	8,132	165
Depreciation and amortization	18,397	4,082	22,479	—
Total operating expenses	82,308	58,855	141,163	4,152
Operating income (loss)	18,766	(55,579)	(36,813)	(1,085)
Nonoperating revenues (expenses):				
Intergovernmental	—	51,423	51,423	—
Interest income	2,902	61	2,963	146
Interest expense	(32,911)	(209)	(33,120)	—
Loss on sale of capital assets	(556)	—	(556)	—
Other	77	(188)	(111)	—
Total nonoperating revenues (expenses)	(30,488)	51,087	20,599	146
Loss before contributions and transfers	(11,722)	(4,492)	(16,214)	(939)
Capital contributions	1,666	2,983	4,649	—
Transfers out	—	—	—	(5,200)
Changes in net assets	(10,056)	(1,509)	(11,565)	(6,139)
Total net assets – beginning	2,459	59,471	61,930	14,228
Total net assets (deficit) – ending	\$ (7,597)	\$ 57,962	\$ 50,365	\$ 8,089

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2004
(In Thousands)

	Business-type activities – Enterprise Funds			Governmental activities – Internal Service Funds
	Waterworks	Housing Agency	Total Enterprise Funds	
Cash flows from operating activities:				
Rental receipts	\$ —	\$ 3,071	\$ 3,071	\$ —
Receipts from users	—	—	—	3,067
Other operating receipts	—	164	164	—
Receipts from water sales	99,697	—	99,697	—
Receipts from interfund services provided	556	—	556	—
Cash payments to employees	(312)	(7,233)	(7,545)	—
Cash payments to suppliers of goods and services	(34,539)	(6,383)	(40,922)	(4,262)
Housing assistance payments	—	(39,602)	(39,602)	—
Payments in lieu of taxes	(4,635)	—	(4,635)	—
Payments for postretirement benefits	(2,184)	—	(2,184)	—
Tenant security and other deposits	(862)	(16)	(878)	—
Net cash provided by (used in) operating activities	57,721	(49,999)	7,722	(1,195)
Cash flows from noncapital financing activities:				
Transfers to other funds	—	—	—	(5,200)
Intergovernmental revenues received	—	51,483	51,483	—
Net cash provided by (used in) noncapital financing activities	—	51,483	51,483	(5,200)
Cash flows from capital and related financing activities:				
Purchases and construction of capital assets	(43,258)	(1,855)	(45,113)	—
Contributions in aid of construction	841	—	841	—
Capital contributions received	—	2,984	2,984	—
Proceeds from sales of capital assets	77	—	77	—
Proceeds of issuance of revenue bonds	50,000	—	50,000	—
Interest paid on capital debt	(47,879)	(163)	(48,042)	—
Payments on revenue bonds	(530)	—	(530)	—
Payments on notes payable	(251)	—	(251)	—
Payments on capital leases	—	(546)	(546)	—
Debt issuance costs paid	(1,210)	—	(1,210)	—
Net cash provided by (used in) capital and related financing activities	(42,210)	420	(41,790)	—
Cash flows from investing activities:				
Sales and maturities of investments	16,730	—	16,730	5,869
Loans issued	—	(678)	(678)	—
Investment purchases	—	—	—	(300)
Interest on investments	2,785	11	2,796	174
Net cash provided by (used in) investing activities	19,515	(667)	18,848	5,743
Net increase (decrease) in cash and cash equivalents	35,026	1,237	36,263	(652)
Cash and cash equivalents, beginning of year	37,646	790	38,436	1,196
Cash and cash equivalents, end of year	\$ 72,672	\$ 2,027	\$ 74,699	\$ 544

(Continued)

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Cash Flows
Proprietary Funds
Year ended December 31, 2004
(In Thousands)

	Business-type activities – Enterprise Funds			Governmental activities – Internal Service Funds
	Waterworks	Housing Agency	Total Enterprise Funds	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 18,766	\$ (55,579)	\$ (36,813)	\$ (1,085)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	17,674	4,082	21,756	—
Amortization of bond issuance costs	723	—	723	—
Provision for uncollectible accounts	(2,328)	148	(2,180)	—
Change in assets and liabilities:				
Accounts receivable	1,507	(41)	1,466	—
Inventory	—	208	208	—
Other assets	—	69	69	—
Deferred charges	214	—	214	—
Deferred charge – postretirement benefit	(1,200)	—	(1,200)	—
Accounts payable	15,352	1,074	16,426	(110)
Tenant security deposits	—	5	5	—
FSS escrow	—	(21)	(21)	—
Accrued payroll and payroll taxes	(5)	100	95	—
Accrued compensated absences	—	(44)	(44)	—
Customer deposits	339	—	339	—
Payments in lieu of taxes	7,358	—	7,358	—
Customer advances	(1,201)	—	(1,201)	—
Due to other funds	(733)	—	(733)	—
Unfunded postretirement benefit obligation	1,255	—	1,255	—
Net cash provided by (used in) operating activities	<u>\$ 57,721</u>	<u>\$ (49,999)</u>	<u>\$ 7,722</u>	<u>\$ (1,195)</u>
Supplemental cash flow information:				
Noncash transactions:				
Debt and capital lease financed property acquisitions	\$ —	\$ 346	\$ 346	\$ —
Contributions of capital assets	1,666	—	1,666	—

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Fiduciary Funds
Statement of Fiduciary Net Assets
December 31, 2004
(In Thousands)

	Police and Fire Pension Trust Funds	Agency Funds
ASSETS		
Equity in pooled cash	\$ 352	\$ 4,652
Cash and investments with fiscal agents	—	31
Investments (U.S. government agencies)	9,658	3,599
Accrued interest receivable	41	17
Accounts receivable	2,528	321
Total assets	<u>12,579</u>	<u>\$ 8,620</u>
LIABILITIES		
Accounts payable and other accrued liabilities	<u>1,572</u>	<u>\$ 8,620</u>
Total liabilities	<u>1,572</u>	<u>\$ 8,620</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 11,007</u>	

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Statement of Changes in Fiduciary Net Assets
Police and Firefighter Pension Trust Funds
Year ended December 31, 2004
(In Thousands)

	Police and Fire Pension Trust Funds
ADDITIONS	
State of Indiana pension subsidy received from the General Fund	\$ 28,590
Interest income and other	233
Unrealized loss on investments, net	(85)
	<u>28,738</u>
Contributions:	
Employer	24,508
Plan members	214
	<u>24,722</u>
Total additions	<u>53,460</u>
DEDUCTIONS	
Benefits	63,474
Administrative expense	29
Total deductions	<u>63,503</u>
Change in plan net assets	(10,043)
Net assets – beginning	<u>21,050</u>
Net assets – ending	<u><u>\$ 11,007</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Indianapolis ("City"), located in Marion County, Indiana, was originally incorporated in 1832. On January 1, 1970, the government of the City, as defined by the Consolidated First-Class Cities and Counties Act, adopted by the 1969 Indiana General Assembly, and the County were unified ("Consolidated City"). Their form of service delivery was consolidated and certain of the City's service boundaries were extended to generally coincide with those of the County. Four other municipalities located within the County boundaries are specifically excluded from most functions of the consolidated City by the consolidating act.

The City operates under an elected Mayor/Council (29 members) form of government and provides the following services: public safety (police and fire), culture and recreation, community development and welfare (including planning and zoning), highways and streets, environmental service (sanitary solid waste collection and disposal, sewerage, and wastewater treatment), water delivery systems, and general administrative services. In addition, the City has responsibility over the operations of the public housing facilities, although the financial and operating records are maintained outside of the City's financial reporting systems.

The City's financial reporting entity has been determined in accordance with governmental accounting standards defining the reporting entity and identifying entities to be included in its basic financial statements. The Indianapolis Housing Agency (Enterprise Fund) ("Housing Agency") has established a nonprofit entity, Partners for Affordable Housing, Inc. ("PAH"), which is legally separate from the Housing Agency and whose purpose is to foster low-income housing in and around Indianapolis. PAH is considered a blended component unit and is therefore reported as if it is a part of the primary government because its primary purpose is to provide services to the Housing Agency Enterprise Fund. The Housing Agency issues separate financial statements, which can be obtained by writing to Indianapolis Housing Agency, 1919 North Meridian Street, Indianapolis, Indiana 46202.

For financial reporting purposes, the City of Indianapolis is considered to be a component unit of the Consolidated City of Indianapolis-Marion County Reporting Entity (unified government, commonly referred to as "Unigov"), as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. The elected officials, the Mayor and the City-County Council ("Council"), serve as the executive and legislative body, respectively, for both the City and the County. The City is considered a legally separate organization for which its elected officials are financially accountable. This accountability is evidenced by the elected officials' ability to: (a) approve the budget of the City; (b) veto, override, or modify the budget; and (c) establish tax levies. Additionally, the Mayor appoints the City's deputy mayors and the City's department directors subject to the approval of the Council, and also appoints the City Controller and Corporation Counsel. Other agencies included in the Consolidated City of Indianapolis-Marion County Comprehensive Annual Report, but not in the City's financial statements, include: Marion County, the Health and Hospital Corporation of Marion County, Indianapolis Airport Authority, Indianapolis Public Transportation Corporation, Indianapolis-Marion County Public Library, and Capital Improvement Board of Managers. In addition, the Indianapolis-Marion County Building Authority is considered a joint venture of the City and the County and is not included in the City's financial statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its blended component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as *general revenues*.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied, and the rates are certified in the subsequent year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this basis of accounting, revenues are recognized as they become susceptible to accrual; generally, as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected and distributed within 60 days of the end of the current fiscal period. For all other revenue items, including taxes other than property taxes, the City considers revenue to be available if they are collected within 90 days of the end of the current fiscal period. Significant revenues susceptible to accrual include property and other taxes, grants, and interest on investments. Bond and notes issued are recorded as other financing sources, along with any related premium or discounts.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

- 1) Debt service fund bond principal and interest expenditures due through January 15 are recorded on the preceding December 31. Expenditures related to compensated absences and claims and judgments are recorded only when payment is due (that is, matured).
- 2) Prepaid expenditures are not recorded as an asset in the fund financial statements.

GASB Statement No. 33, *Accounting and Reporting for Nonexchange Transactions* ("GASB Statement No. 33"), groups nonexchange transactions into the following four classes, based upon their principal characteristics: derived tax revenues, imposed nonexchange revenues, government-mandated nonexchange transactions, and voluntary nonexchange transactions.

The City recognizes assets from derived tax revenue transactions (such as county option income tax) in the period when the underlying exchange transaction on which the tax is imposed occurs or when the assets are received, whichever occurs first. Revenues are recognized, net of estimated refunds and estimated uncollectible amounts, in the same period that the assets are recognized, provided that the underlying exchange transaction has occurred. Resources received in advance are reported as deferred revenues until the period of exchange.

The City recognizes assets from imposed nonexchange revenue transactions in the period when an enforceable legal claim to the assets arises or when the resources are received, whichever occurs first. Revenues are recognized in the period when the resources are required to be used or the first period that use is permitted. The City recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. Imposed nonexchange revenues also include taxes such as wheel, auto, and financial institutions taxes.

Intergovernmental revenues, representing grants and assistance received from other governmental units, are generally recognized as revenues in the period when all eligibility requirements, as defined by GASB Statement No. 33, have been met. Any resources received before eligibility requirements are met are reported as deferred revenues.

Charges for services in the governmental funds, which are exchange transactions and are, therefore, not subject to the provisions of GASB Statement No. 33, are recognized as revenues when received in cash because they are generally not measurable until actually received.

All proprietary funds and pension trust funds are accounted for using the same measurement focus and basis of accounting as the government-wide financial statements. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred, except as to the accounting for certain pension costs, as explained in Note 16.

All agency funds are purely custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for under the accrual basis of accounting.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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The *federal grants fund* accounts for all grants received from the U.S. Departments of Housing and Urban Development, Justice, Transportation, Interior and other miscellaneous Federal agencies.

The *revenue debt service fund* accounts for the resources accumulated and payments made for principal and interest on debt of the Tax Increment District and on debt issued for construction of certain City golf courses.

The *sanitary district capital projects fund* accounts for all the resources accumulated and payments made for construction of sanitary sewers and the advanced wastewater treatment plant.

The City reports the following major enterprise funds:

The *waterworks enterprise fund* accounts for the activities of the government's water distribution operations. See Note 2 for information on the City's Waterworks operations.

The *housing agency enterprise fund* accounts for activities related to the development, acquisition, and administration of low-rent housing units.

Additionally, the City reports the following fund types:

Internal service funds account for the accumulation of resources to provide for the financing of workers' compensation and auto liability self-insurance for all City departments, as well as provide for the centralization of certain payments of awards, refunds, and indemnities.

Fiduciary funds are classified into sub-groupings – Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Agency Funds are custodial in nature (assets equal liabilities) and account for monies held on behalf of contractors, retirement boards, the E-911 dispatch program and for confiscated items related to public safety activities. Pension Trust Funds are those funds held in trust for disbursement to covered employees (see Note 16).

In the government-wide and proprietary fund financial statements, the City applies all applicable GASB pronouncements, as well as the following private-sector pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board ("FASB") Statements and Interpretations, Accounting Principles Board ("APB") Opinions, and Accounting Research Bulletins ("ARBs") of the Committee on Accounting Procedure. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the City's water function and various other functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all local taxes. State shared revenues, such as cigarette tax, are reported as grants and contributions not restricted to specific functions, unless they are restricted to specific functions, such as gasoline tax, in which case they are reported as operating grants and contributions.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Housing Agency enterprise fund, of the Waterworks enterprise fund, and of the government's internal service funds are charges to customers for rents, sales, and services. Operating expenses for enterprise funds and internal service funds include the cost of rents, sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Payments in lieu of taxes constitute payment for services provided and are paid to various taxing authorities.

Indirect costs are included as part of the program expenses reported for individual functions and activities.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

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D. Effects of Rate Regulation

The City has elected for the Waterworks to continue to be rate-regulated by the Indiana Utility Regulatory Commission ("IURC"), and their accounting policies, which are consistent with accounting principles generally accepted in the United States of America, are governed by the IURC. Therefore, the Waterworks follows the accounting and reporting requirements of Statement of Financial Accounting Standards Statement No. 71, *Accounting for the Effects of Certain Types of Regulation* ("SFAS No. 71"). SFAS No. 71 provides that rate-regulated entities account for and report assets and liabilities consistent with the economic effect of the way in which regulators establish rates, if the rates established are designed to recover the costs of providing the regulated service and it is probable that such rates can be charged and collected. Certain expenses and credits subject to utility regulation or rate determination normally reflected in income are deferred on the statement of net assets and are recognized in income as the related amounts are included in service rates and recovered from or refunded to customers. Net deferred costs at December 31, 2004 amount to \$1,807. Additionally, there are certain items which the IURC does not typically consider in establishing rates, such as acquisition adjustment and amortization of intangible assets. See Note 14 regarding contingencies related to these regulatory assets and liabilities.

E. Cash and Investments

Investments are stated at fair value. Fair values for investments are determined by closing market prices at year-end as reported by the investment custodian. When funds pool cash for investments, income from the pooled investments is allocated to the funds based on the participating fund's average daily equity balance.

F. Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property taxes are levied as of January 1 on property values assessed as of March 1 of the previous year. The tax levy is divided into two billings due on May 10 and November 10 each year.

Noncurrent portions of long-term receivables in the governmental funds are reported on their balance sheets, notwithstanding their measurement focus. The noncurrent portion of the receivables that will ultimately result in the recognition of revenue has been reported as deferred revenue. Noncurrent portions of other long-term receivables are offset by fund balance reserve accounts since they are not considered available spendable resources.

G. Inventory

Inventory of the governmental funds is recorded as an expenditure when purchased; it is not recorded on the statement of net assets or the governmental funds balance sheet, as amounts are not considered material.

H. Restricted Assets

Certain proceeds of the Waterworks revenue bonds, as well as certain resources set aside for their repayment, amounting to \$25,827 at December 31, 2004, are classified as restricted assets on the statement of net assets and proprietary fund balance sheet because they are maintained in separate accounts and their use is limited by applicable bond covenants. In addition, certain funds set aside in a grantor trust are restricted for payment of postretirement benefits in the amount of \$9,468.

Restricted assets at December 31, 2004 also include \$36,508 of unspent bond proceeds that are restricted for the construction of certain capital assets.

I. Intangible Assets

An intangible asset was recorded in connection with the purchase of the Waterworks (see Note 2), which represents a negotiated amount paid by the City for the right to operate the Waterworks. This original amount of \$245,000 is being amortized on a straight-line basis over 40 years, which approximates the aggregate remaining useful life of the related utility plant assets purchased. Amortization expense during the year amounted to \$6,125. At December 31, 2004, the intangible asset is \$228,667, which is net of accumulated amortization of \$16,333.

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J. Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and infrastructure (e.g., streets, bridges, sewers, storm drains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with cost or donated value beyond prescribed levels and estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Governmental Activities

The prescribed capitalization levels for governmental activities are:

- All land acquired by the City is capitalized. Land improvements of \$25 or greater are capitalized.
- All new construction of City buildings is capitalized. Rehabilitation of \$75 or greater is capitalized.
- Equipment and vehicles of \$5 or greater are capitalized.

Beginning January 1, 2002, infrastructure projects of \$25 or greater are capitalized. Infrastructure assets acquired before January 1, 2002 have been capitalized if estimated historical cost or donated value was near or above the criteria for major infrastructure as defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments* (“GASB Statement No. 34”).

Depreciation for governmental activities is calculated using the straight-line method and no salvage value. Depreciation lives are as follows:

Land improvements	30 years individual depreciation
Buildings	50 years individual depreciation
Building improvements	20 years individual depreciation
Equipment and vehicles	3 to 20 years individual depreciation
Streets, curbs, sidewalks, traffic signals	30 years group depreciation
Bridges	60 years individual depreciation
Sewer and storm mains, manholes, inlets, and culverts	60 years group depreciation
Sewer and storm lift stations	60 years individual depreciation

Business-type Activities

Housing Agency

The prescribed capitalization levels for the Housing Agency enterprise fund are as follows:

Land, buildings, and improvements	\$5
Equipment and vehicles	\$0.5

Depreciation for the Housing Agency enterprise fund is calculated using the straight-line method and no salvage value. Depreciation lives are as follows:

Buildings	25 years individual depreciation
Building and site improvements	20 years individual depreciation
Equipment and vehicles	3 to 7 years individual depreciation

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Waterworks

The prescribed capitalization level for the Waterworks enterprise fund is \$5 for all items. Depreciation for the Waterworks enterprise fund is calculated using the straight-line method over the estimated useful life of the various classes of depreciable assets. The group method is used to calculate depreciation, except for vehicles, which are depreciated individually. Depreciation lives vary widely; e.g., computers 4.72 years and supply mains 35.59 years to 71.94 years. Depreciation of utility plant assets averaged 2.0% in 2004.

When utility plant in service is retired, except for land and land rights, the accumulated cost of the retired property is credited to utility plant, and such costs, together with the cost of removal less salvage, are charged against accumulated depreciation. If land, land rights, or other equipment are sold, the net gain or loss is included as gain on sale of capital assets.

Property not currently used in utility operations is included in other capital assets.

K. Customer Advances and Contributions in Aid of Construction

The Waterworks allows developers to install or provide for the installation of main extensions, which are to be transferred to the Waterworks upon completion. The cost of the main extensions and the amount of any funds advanced for the cost of water mains installed are included in customer advances for construction and are refundable over a period of 10 years as new customer hook-ups are attached to the main extensions. The amount refundable for a new hook-up is determined at the time the main extension is completed and is based on a portion of projected utility revenues from the main extension. Advances not refunded within 10 years are permanently transferred to contributions in aid of construction. Historically, a portion of customer advances for construction has not been refunded to the developer. These amounts are transferred to contributions in aid of construction when the 10 year refunding period has expired. Upon purchase of the Waterworks in 2002, the City recorded an amount for customer advances in the amount of \$15,000. This liability was estimated based on amounts outstanding and historical experience of the Waterworks prior to its purchase by the City. At December 31, 2004, customer advances amount to \$15,118. In addition, the City recorded \$54,318 in contributions in aid of construction, which represents the amount that was recorded by the Waterworks prior to its purchase by the City and must be carried forward under regulatory accounting requirements. Contributions in aid of construction amounted to \$55,790 at December 31, 2004 and are netted against the capital assets balance.

L. Property Taxes

Property taxes levied for all governmental entities located within Marion County are collected by the Treasurer of Marion County, Indiana ("Treasurer"). These taxes are then distributed by the Auditor of Marion County, Indiana ("Auditor") to the City and the other governmental entities at June 30 and December 31 of each year. The City and the other governmental entities can request advances of their portion of the collected taxes from the Treasurer once the levy and tax rates are certified by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance typically certifies the levy on or before February 15 of the year following the property tax assessment.

The City's 2004 property taxes were levied based on assessed valuations determined by the Auditor as of the March 1, 2003 assessed valuations, which were adjusted for estimated appeals and tax credits and deductions. The lien date for the 2004 property taxes was March 1, 2003 (assessment date); however, the City does not recognize a receivable on the lien date, as the amount of property tax to be collected cannot be measured until the levy and tax rates are certified in the subsequent year. Taxable property is assessed at 100% of the true tax value. In 2004, taxes were due and payable to the Treasurer in two installments on May 10, 2004 and November 10, 2004. The Auditor distributed all property taxes collected by November 10, 2004 to each applicable governmental entity based upon their levy amounts prior to December 31, 2004. Delinquent property taxes outstanding at December 31, 2004, net of allowance for uncollectible accounts, are recorded as a receivable in the government-wide statements. The fund statements have recorded the same receivable and a corresponding amount in deferred revenue since the amounts are not considered available.

M. Deferred and Unearned Revenues

Deferred revenue is reported in the fund financial statements for receivables that are not considered available at year-end or for which eligibility requirements have not been met. See Note 1.C. for further discussion on the City's availability policy.

Unearned revenue, on the other hand, is reported in the government-wide financial statements. The availability period does not apply; however, amounts may not be earned due to eligibility requirements.

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N. Unbilled Service Revenues

Operating revenues for the Waterworks includes sales of water. These revenues are billed to customers monthly on a cycle basis. Revenues are billed every other month based on meter readings and include a true up for any necessary adjustment for the prior month's estimated billing. Unbilled revenue is recorded based on estimated usage from the date of the latest billing to the end of the accounting period. Unbilled revenues are included in accounts receivable and amounted to \$4,197 at December 31, 2004.

O. Risk Management

The City is insured for property and certain liability losses, subject to certain deductible amounts, except that it is self-insured for auto liability, general liability (excluding certain other catastrophes) and workers' compensation inpatient services and services delivered at a site other than that provided for in the workers' compensation agreement. Expenses are recorded when a determinable loss is probable and the amount of the loss can be estimated.

The change in claims for 2003 and 2004, including an estimate of incurred but not reported claims, is as follows:

	Auto liability reserve	Workers' compensation	Public liability self-insurance
Unpaid claims, December 31, 2002	\$ 1,225	\$ 1,654	\$ 1,323
Incurred claims and changes in estimates	613	2,254	950
Claims paid	<u>(620)</u>	<u>(1,609)</u>	<u>(460)</u>
Unpaid claims, December 31, 2003	1,218	2,299	1,813
Incurred claims and changes in estimates	(132)	2,618	1,501
Claims paid	<u>(202)</u>	<u>(2,605)</u>	<u>(1,290)</u>
Unpaid claims, December 31, 2004	<u><u>\$ 884</u></u>	<u><u>\$ 2,312</u></u>	<u><u>\$ 2,024</u></u>

The City has entered into contracts with a company to service its workers' compensation and auto liability claims. Under the terms of the contracts, the City is required to maintain a minimum level of funds in a "loss fund account" with the company for the purpose of paying claims and losses. These amounts are recorded as an asset since the self-insurance risk is not transferred to the service agent. The City records a liability for the estimated outstanding losses at year-end, which includes an accrual for incurred but not reported claims and is included in accounts payable and other current liabilities in the statement of net assets. The estimate of claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. The City accounts for the self-insurance programs in internal service funds.

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; and job-related illnesses or injuries to employees. The City individually handles these risks of loss through combinations of risk retention and commercial insurance.

There have been no significant reductions in insurance coverage in the last year. Settled claims have not exceeded commercial coverage in the past three years.

The Housing Agency enterprise fund is a member of the Housing Authority Risk Retention Group, Inc. ("Group"), which provides general liability, public official, and lead-based paint insurance to participating public housing authorities throughout the United States. Coverage provided by general liability is \$5,000 per year with a deductible of \$5 for general liability and \$10 for property claims per occurrence. Management believes that the number of outstanding claims and potential claims outstanding does not materially affect the financial position of the Housing Agency enterprise fund. The risk of participation in the Group is limited to the initial equity contribution of \$90, any subsequent additional equity contribution as determined by the Group's Board of Directors, and the payment of annual premiums for its general liability insurance coverage. The Housing Agency enterprise fund has an investment of \$112 in the Group at December 31, 2004. Although the underwriting experience of the Group may result in increased annual premium charged and/or assessments against each participant's equity contribution account, the exposure to any net loss allocation is restricted to its equity contribution account balance, plus any additional assessment that may be required.

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The Waterworks' assets are protected by various insurance policies required to be carried by the contractor operating the facilities. This includes motor vehicle liability, general liability, environmental liability, property damage and various other coverages. In addition, the City is self-insured for claims arising from damage due to water main breaks. The City pays for such claims as they become due. The City does not believe that any claims to be paid under this coverage are material to the financial statements.

P. Compensated Absences

City employees earn benefit leave days (in lieu of all vacation, sick, and other accrued leave time), which accumulate to a maximum of 37 days per year, depending on length of service. One hundred seventy-six hours earned benefit leave can be carried forward to subsequent years, and an additional 80 hours can be carried forward upon appropriate approval. Accumulated unused sick leave earned before September 1, 1994 is payable only upon the death or retirement of an employee, and only half the accumulated sick leave is then payable.

The entire cost of benefit and sick leave is recorded in the government-wide financial statements and in the proprietary funds in the fund financial statements. Certain amounts have been recorded in the governmental fund financial statements, since such amounts came due (i.e., matured) during the year ended December 31, 2004.

Q. Pensions

The City records expenditures for pension obligations as payments are made to pensioners or to the State of Indiana for State-administered plans. The City records pension payments made by the State of Indiana on its behalf as both a revenue and an expenditure. Unfunded pension obligations are recorded in the government-wide statements in the long-term liabilities due in more than one year.

R. Estimates and Uncertainties

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported changes in amounts of revenues, expenses, and expenditures during the reporting period. Actual results could differ from those estimates.

S. Interfund Transactions

Transactions that would be treated as revenues, expenditures, or expenses if they involved organizations external to the City are similarly treated if they occur between funds. Reimbursements from one fund to another are treated as expenditures or expenses of the reimbursing fund and a reduction of the expenditure or expenses of the reimbursed fund. Charges or collections for services rendered by one fund for another fund are recognized as revenues of the recipient fund and expenditures or expenses of the disbursing fund.

T. Encumbrances

Within the governmental fund financial statements, fund balance is reserved for outstanding encumbrances. Encumbrances outstanding at year-end will remain in force and will be liquidated under the current year's budget.

U. Amortization of Bond Costs and Amounts Deferred on Refundings

In the government-wide financial statements and the proprietary fund types in the fund financial statements, bond or note discounts and premiums are recorded as a reduction or addition to the debt obligation, and bond or note issuance costs are recorded as deferred charges. Bond or note discounts and premiums are amortized using the effective interest method and bond or note issuance costs are amortized using the straight-line method over the term of the related bonds. The deferred amount on refunding is amortized as a component of interest expense over the remaining life of the bonds using the straight-line method.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

V. Statement of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents are defined as all highly liquid investments (including cash and investments with fiscal agents and restricted assets) with an original maturity of three months or less at the date of purchase.

W. Future Adoption of Accounting Pronouncements

GASB has issued Statement No. 40, *Deposit and Investment Risk Disclosures*, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 44, *Economic Condition Reporting: The Statistical Section*, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, Statement No. 46, *Net Assets Restricted by Enabling Legislation*, and Statement No. 47, *Accounting for Termination Benefits*. The City intends to implement these GASB statements on their respective effective dates.

2. Waterworks Operations

In the summer of 2000, NiSource, Inc. ("NiSource"), an unrelated third party, indicated its intention to merge with Columbia Energy Group of Virginia. Under federal law regarding the regulation of public utility holding companies, federal regulators ordered NiSource to divest itself of all water utility assets by November 2003. In September 2000, the City petitioned the Indiana Utility Regulatory Commission ("IURC") to begin the process of purchasing the water utility assets of the Indianapolis Water Company ("IWC") and other assets of IWC Resources Corporation ("IWCR") and its subsidiaries.

In November 2001, the City entered into an Asset Purchase Agreement with NiSource and IWCR (its subsidiary) providing for terms and conditions of the City's acquisition of the assets comprising substantially all of IWCR's water utility assets. The Asset Purchase Agreement was finalized and completed on April 30, 2002. The City created the Waterworks Department which in turn acquired substantially all of the assets of IWC and five other smaller subsidiaries of IWCR: (i) Harbour Water Corporation, (ii) Darlington Water Works Company, (iii) Liberty Water Corporation, (iv) IWC Morgan Water Corporation, and (v) Irishman's Run Acquisition Corporation. Irishman's Run Acquisition Corporation was subsequently sold in 2002 to an unrelated party.

IWC or other subsidiaries of IWCR provide water service in most areas of the City of Indianapolis and Marion County, and portions of the surrounding counties of Boone, Hamilton, Hancock, Hendricks, Montgomery, and Morgan. A total of approximately 279 customers (approximately 1.1 million people) is served by IWCR. Approximately seventy-five percent (75%) of the customers are located in Marion County.

The City paid cash of \$380,100 and assumed \$222,897 of NiSource's liabilities, including \$2,500 of IWC preferred stock, in connection with the purchase. The City issued its Waterworks District Net Revenue Bonds, Series 2002 A (Tax-Exempt) and Series 2002 B (Taxable) (collectively referred to as the "Waterworks Series 2002 A and B Bonds") in a total amount of \$580,370 to finance the purchase. The acquisition was accounted for as a purchase, and the results of operations of the Waterworks were included in the City's financial statements from the acquisition date of April 30, 2002 (i.e., eight months of operations in 2002). The City liquidated \$119,991 of the assumed liabilities upon issuance of the Waterworks Series 2002 A and B Bonds. As a result of the acquisition, an intangible asset of \$245,000 was recorded, which represents a negotiated amount paid by the City to NiSource for the right to operate the Waterworks. The difference between the purchase price paid for the regulated portion of the Waterworks' assets by the City and the underlying book value of the net assets acquired has been classified as plant acquisition adjustment, which is a separate component of utility plant assets. The plant acquisition adjustment amounted to \$184,195 at the acquisition date and is being amortized over a period of forty (40) years based on the estimated aggregate remaining useful life of the related plant assets.

On March 21, 2002, the City entered into a management agreement with U.S. Filter Operating Services, Inc., which was purchased in 2004 by Veolia Water North America. During 2004, U.S. Filter Operating Services, Inc. changed its name to Veolia Water Indianapolis, LLC ("Veolia"). Veolia provides the administrative, management, and operational functions of operating the Waterworks. See further information on the management agreement in Note 14. All employees of IWCR became employees of U.S. Filter upon completion of the purchase and execution of the management agreement.

3. Cash and Investments

At year-end, the City's cash deposits and investments of pooled funds totaled \$511,747. Investments in U.S. Treasury and Agencies were \$310,299 with a fair value of \$307,574 and \$185,221 was cash and investments held with fiscal agents. Equity in pooled cash of \$17,121 was held at December 31, 2004.

CITY OF INDIANAPOLIS
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The City is empowered by statute to invest the following types of securities: securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government-sponsored enterprise, or government-backed mutual funds. Funds may be invested in deposit accounts offered by designated depositories approved by the Board of Finance, and fully collateralized repurchase or resale agreements with such approved depositories. (IC5-13-4-7).

The City's cash, cash equivalents, and non-negotiable certificates of deposit with a maturity date greater than 90 days from the date of purchase are insured in full at December 31, 2004 by the combination of federal depository insurance and the Indiana Public Deposit Insurance Fund. All negotiable certificates of deposit are classified as investments.

Investments are categorized into these three categories of custodial credit risk:

- (1) Insured or registered, or securities held by the City or its agent in the City's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

At year-end, the City's investment balances, as well as a reconciliation of cash and investments were as follows:

	<u>Category</u> <u>1</u>	<u>Reported amount/ fair value</u>
U.S. government and agency obligations	\$ 307,574	\$ 307,574
Government-based savings accounts	5,135	5,135
Repurchase agreements	<u>11,827</u>	<u>11,827</u>
Total	<u>\$ 324,536</u>	<u>324,536</u>
Investments not subject to categorization:		
Mutual funds		443
Investments with fiscal agents – cash and mutual funds		185,560
Cash		<u>1,208</u>
Total cash and investments		<u>\$ 511,747</u>

Included in the carrying amount of investments above is \$185,560 maintained with fiscal agents for specific purposes as defined by trust agreements.

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Notes to Financial Statements
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	<u>December 31</u>
Cash and investments	\$ 271,774
Cash and investments with fiscal agents	149,878
Restricted assets	71,803
Cash and investments – Fiduciary Funds	18,261
Cash and investments with fiscal agents – Fiduciary Funds	31
	<u>\$ 511,747</u>

4. Receivables Disaggregation

Accounts receivable as of year-end for the City, including the applicable allowances for uncollectible accounts are as follows:

	<u>Accounts</u>	<u>Due from other governments</u>	<u>Barrett Law Program assessments</u>	<u>Other</u>	<u>Total receivables</u>
Governmental activities:					
General	\$ 19,292	\$ 25,694	\$ —	\$ 1,781	\$ 46,767
Revenue debt service	—	15	—	—	15
Sanitary district capital projects	—	5,113	—	—	5,113
Other nonmajor governmental	6	1,608	2,908	—	4,522
Total receivables	19,298	32,430	2,908	1,781	56,417
Allowance for uncollectible accounts	(4,044)	—	—	—	(4,044)
	15,254	32,430	2,908	1,781	52,373
Adjustment to government-wide	—	—	—	690	690
Total – governmental activities	\$ 15,254	\$ 32,430	\$ 2,908	\$ 2,471	\$ 53,063
Accounts not scheduled for collection during the subsequent year	\$ —	\$ —	\$ 2,463	\$ —	\$ 2,463
Business-type activities:					
Waterworks	\$ 14,862	\$ —	\$ —	\$ —	\$ 14,862
Allowance for uncollectible accounts	(2,201)	—	—	—	(2,201)
Total receivables	12,661	—	—	—	12,661
Housing Agency	60	—	—	—	60
Total – business-type activities	\$ 12,721	\$ —	\$ —	\$ —	\$ 12,721
Amounts not scheduled for collection during the subsequent year	\$ —	\$ —	\$ —	\$ —	\$ —

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5. Due from Federal and State Governments

Amounts due at December 31, 2004 were as follows:

	Governmental activities			Business-type activities
	General Fund	Federal Grants Fund	Other nonmajor governmental	Housing Agency
Reimbursements under federal grants from:				
U.S. Department of Housing and Urban Development (HUD)	\$ 4	\$ 4,626	\$ —	\$ 973
U.S. Department of Justice (DOJ)	15	1,471	—	—
U.S. Department of Transportation (DOT)	19	1,381	—	—
U.S. Department of Interior (DOI)	—	832	—	—
U.S. Department of Treasury	—	48	—	—
Federal Emergency Management Agency (FEMA)	174	390	—	—
U.S. Environmental Protection Agency (EPA)	274	11	—	—
U.S. Department of Education (DOE)	—	121	—	—
U.S. Department of Homeland Security (DHS)	482	73	—	—
U.S. Department of Energy	—	60	—	—
Due from State of Indiana grants	25	—	278	—
	<u>\$ 993</u>	<u>\$ 9,013</u>	<u>\$ 278</u>	<u>\$ 973</u>

At December 31, 2004, the City had available lines of credit or grant authorizations from HUD totaling \$10,649.

6. Long-term Receivables

A. Long-term receivables as of December 31, 2004 consist of the following:

The City has U.S. Department of Housing and Urban Development (“HUD”) loans outstanding at December 31, 2004 of \$17,545, including accrued interest of \$2,534. The City has provided a reserve of \$16,569 for these receivables given the uncertainty of collection. Many of these loans bear interest at rates ranging from 0 to 10% and mature over the next 34 years. Generally, principal and interest payments are based upon defined net cash flows and are deferred until sufficient cash flow is available. All deferred principal and interest are due at maturity. Loan repayments to the City are restricted for community and economic development purposes that would otherwise be eligible for reimbursement by HUD under Title I of the Housing and Community Development Act of 1974. The Housing Agency has an agreement with Tibbs Court, LLP (“Tibbs Court”) to utilize HOPE VI federal funds to construct 50 units of public housing, of which 19 public housing units will exist for the use of the Housing Agency. As part of the transaction, the Housing Agency was required to pass through to Tibbs Court HOPE VI funds not to exceed \$1,625. At December 31, 2004, Tibbs Court had fully expended all available resources related to the pass-through grant.

In addition, the Housing Agency loaned Tibbs Court HOPE VI money which was composed of a \$200 non-interest-bearing loan which is due September 14, 2036 and a \$300 interest-bearing loan at 5.74%, which is due September 14, 2038. The entire amount of the loans plus accrued interest is due at the maturity dates. No public housing money can be used to repay the

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loans. The loans are secured by collateral assignment of the leases and rents of the mortgaged property. At December 31, 2004, the Housing Agency has not accrued any interest or revenue on either loan.

The Housing Agency has entered into an agreement with BRINDY-I LP to develop low-income housing on previously cleared land owned by the Housing Agency. Under the agreement, the Housing Agency or its controlled affiliate, Partners for Affordable Housing, made various loans to BRINDY-I LP as described below.

During 2004, the Housing Agency loaned to BRINDY-I LP HOPE VI money in the amount of \$347, which bears interest at an annual rate of 4.84% and is due on June 30, 2044.

Additionally, the Housing Agency, through Partners for Affordable Housing, made loans of grant funds to BRINDY-I LP, which were composed of a \$300 non-interest-bearing loan which is due upon demand, but no later than December 31, 2036, and a \$32 non-interest bearing loan, which is also due upon demand or December 31, 2036.

B. Long-term pledge receivable as of December 31, 2004 consists of the following:

The long-term pledge receivable amount outstanding as of December 31, 2004 is \$1,290. This amount is not recorded on the financial statements and represents a \$1,290 pledge receivable for Canal Square. The pledge agreement states that these funds shall be returned to the City only if a sale or refinancing occurs. If either event occurs, the City is entitled to full repayment; however, the City is subordinate to the mortgage and also to the investors (to the extent of their capital contributions).

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7. Capital Assets

Following is a summary of changes in capital assets for the year ended December 31, 2004:

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 66,223	\$ 9,461	\$ 5,611	\$ 70,073
Construction in progress	148,465	81,423	56,412	173,476
Total capital assets not being depreciated	214,688	90,884	62,023	243,549
Capital assets being depreciated:				
Buildings	683,260	5,660	1,733	687,187
Improvements	137,367	5,169	1,902	140,634
Equipment	97,032	13,985	4,253	106,764
Infrastructure	3,153,287	74,711	51,246	3,176,752
Total capital assets being depreciated	4,070,946	99,525	59,134	4,111,337
Less accumulated depreciation:				
Buildings	309,525	(9,422)	703	299,400
Improvements	52,853	6,797	754	58,896
Equipment	61,658	6,670	3,497	64,831
Infrastructure	2,074,088	65,034	51,246	2,087,876
Total accumulated depreciation	2,498,124	69,079	56,200	2,511,003
Total capital assets being depreciated, net	1,572,822	30,446	2,934	1,600,334
Governmental activities capital assets, net	\$ 1,787,510	\$ 121,330	\$ 64,957	\$ 1,843,883

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	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004
Business-type activities:				
Waterworks				
Capital assets not being depreciated:				
Land	\$ 16,757	\$ 72	\$ —	\$ 16,829
Construction in progress	18,445	31,040	18,774	30,711
Total capital assets not being depreciated	35,202	31,112	18,774	47,540
Capital assets being depreciated:				
Water distribution and treatment system	695,190	31,100	426	725,864
Equipment	18,778	1,486	820	19,444
Total capital assets being depreciated	713,968	32,586	1,246	745,308
Less accumulated depreciation:				
Water distribution and treatment system	154,033	15,856	—	169,889
Equipment	8,331	474	613	8,192
Total accumulated depreciation	162,364	16,330	613	178,081
Less acquisition adjustment	183,260	—	4,781	178,479
Less contributions in aid of construction	54,949	841	—	55,790
Total capital assets being depreciated, net	313,395	15,415	(4,148)	332,958
Total Waterworks	348,597	46,527	14,626	380,498
Housing Agency				
Capital assets not being depreciated:				
Land	17,251	11	—	17,262
Total capital assets not being depreciated	17,251	11	—	17,262
Capital assets being depreciated:				
Buildings	117,479	1,775	—	119,254
Equipment	4,371	419	—	4,790
Total capital assets being depreciated	121,850	2,194	—	124,044
Less accumulated depreciation:				
Buildings	72,683	3,706	—	76,389
Equipment	2,760	376	—	3,136
Total accumulated depreciation	75,443	4,082	—	79,525
Total capital assets being depreciated, net	46,407	(1,888)	—	44,519
Total Housing Agency	63,658	(1,877)	—	61,781
Business-type activities capital assets, net	\$ 412,255	\$ 44,650	\$ 14,626	\$ 442,279

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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Public safety	\$ 5,217
Public works	51,394
Health and welfare	33
Cultural and recreation	6,359
Urban redevelopment and housing	3,133
Economic development and assistance	2,943
	<u>\$ 69,079</u>

Business-type activities:

Waterworks	\$ 16,330
Housing Agency	4,082
	<u>\$ 20,412</u>

During 2004, the City determined that prior year accumulated depreciation for governmental activities was in excess of the amounts that should have been recorded based on the assets' estimated useful lives. Depreciation expense has been corrected in the current year for these amounts.

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not capitalized, as it is not material. At December 31, 2004, the City's commitments related to construction in progress are composed of the following:

	<u>Authorized</u>	<u>Accrued expenditures through December 31, 2004</u>	<u>Committed</u>
Department of Parks and Recreation	\$ 10,925	\$ 7,344	\$ 3,581
Department of Public Safety	161	138	23
Department of Public Works	199,307	146,380	52,927
Department of Metropolitan Development	20,300	19,614	686
Total governmental activities	<u>\$ 230,693</u>	<u>\$ 173,476</u>	<u>\$ 57,217</u>
Waterworks	\$ 64,040	\$ 30,711	\$ 33,329
Total business-type activities	<u>\$ 64,040</u>	<u>\$ 30,711</u>	<u>\$ 33,329</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
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8. Accounts Payable and Other Current Liabilities Dissaggregation

Accounts payable and other current liabilities as of year-end for the City are as follows:

	<u>Vendors</u>	<u>Third-party contracts</u>	<u>Lilly</u>	<u>Due to other governments</u>	<u>Claims and settlements</u>	<u>Accrued payroll and taxes</u>	<u>Other</u>	<u>Total payables and other current liabilities</u>
Governmental activities:								
General	\$ 13,892	\$ —	\$ —	\$ 2,687	\$ —	\$ 14,076	\$ 5	\$ 30,660
Federal grants	867	2,984	—	238	667	40	—	4,796
Revenue debt service	100	—	7,930	—	—	—	—	8,030
Sanitary district capital projects	7,171	—	—	—	—	—	—	7,171
Other nonmajor governmental	2,916	—	—	335	—	4	124	3,379
Internal service	—	—	—	—	5,220	—	—	5,220
	<u>24,946</u>	<u>2,984</u>	<u>7,930</u>	<u>3,260</u>	<u>5,887</u>	<u>14,120</u>	<u>129</u>	<u>59,256</u>
Adjustment to government-wide	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>690</u>	<u>690</u>
Total—governmental activities	<u>\$ 24,946</u>	<u>\$ 2,984</u>	<u>\$ 7,930</u>	<u>\$ 3,260</u>	<u>\$ 5,887</u>	<u>\$ 14,120</u>	<u>\$ 819</u>	<u>\$ 59,946</u>
Accounts not scheduled for payment during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,930</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,930</u>
Business-type activities:								
Waterworks	\$ 21,951	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ 3,577	\$ 25,534
Housing Agency	2,503	—	—	1,291	—	558	42	4,394
Total—business type activities	<u>\$ 24,454</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,291</u>	<u>\$ —</u>	<u>\$ 564</u>	<u>\$ 3,619</u>	<u>\$ 29,928</u>
Accounts not scheduled for payment during the subsequent year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

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9. Leases and Other Financing Transactions

A. Lessee Arrangements

1. Capital leases are described in the long-term debt section of the notes to the financial statements (Note 10).
2. Operating leases

The City has entered into various operating leases for rental of equipment and properties. Total rental expense for these operating leases was \$16,191 in 2004. The minimum future payments as of December 31, 2004 on these operating leases are as follows:

	Governmental activities	Business-type activities	
		Waterworks	Housing Agency
2005	\$ 15,515	\$ 4	\$ 370
2006	15,367	—	370
2007	15,020	—	370
2008	14,588	—	370
2009	14,562	—	277
2010 – 2014	71,918	—	—
2015 – 2019	28,432	—	—
Total future receipts	<u>\$ 175,402</u>	<u>\$ 4</u>	<u>\$ 1,757</u>

The City entered into an agreement with the Marion County Convention and Recreational Facility Authority (“MCCRFA”) to lease a portion of land located at the airport over a 25-year term expiring in December 2016. This land was being used for a major aircraft maintenance and overhaul center for United Airlines, Inc. (“United”) prior to United’s bankruptcy filing in 2003. The lease requires the City to make annual payments equal to MCCRFA’s debt service requirements.

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B. Lessor Arrangements

The City is the lessor in several operating lease agreements with outside parties. These properties are leased for terms generally ranging from 5 to 50 years. Total rental income amounted to \$515 in 2004.

The minimum future rental income to be received as of December 31, 2004 on these operating leases is as follows:

	Governmental activities	Business-type activities Waterworks
2005	\$ 377	\$ 18
2006	362	18
2007	380	14
2008	346	—
2009	284	—
2010 – 2014	1,415	—
2015 – 2019	1,153	—
2020 – 2024	605	—
2025 – 2029	605	—
2030 – 2034	605	—
2035 – 2039	121	—
Total future payments	<u>\$ 6,253</u>	<u>\$ 50</u>

C. Other Financing Transactions

City Market:

In 2001, the City renewed its long-term operating lease with the Indianapolis City Market Corporation (“Market”), a not-for-profit organization formed for the purpose of operating the Indianapolis City Market. The lease extends through February 2006 and provides for a five-year renewal option at that time. The Market is to pay an annual rental fee of \$1.00, plus 100% of the net cash flow, if any, remaining after the payment of normal costs of operations and maintenance. In 2004, the City was required to contribute additional subsidies to the Market of \$322.

Circle Centre Mall:

In January 1994, the City entered into a long-term operating lease with Circle Centre Development Company, an Indiana general partnership. The lease extends through December 2027 and provides seven options to extend the term for 10 years. No rental payments are due under the lease.

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10. Long-term Liabilities

A. Changes in Long-term Debt

The following is a summary of long-term debt and other long-term liabilities for the year ended December 31, 2004:

	Balance January 1, 2004	Additions	Reductions	Balance December 31, 2004	Due within one year
Governmental activities:					
Bonds payable:					
Serial bonds payable	\$ 272,934	\$ 1,935	\$ 18,776	\$ 256,093	\$ 19,339
Tax increment bonds payable	462,854	65,004	47,160	480,698	12,835
Revenue bonds	129,206	84,516	9,082	204,640	11,685
Deferred amounts					
Less: Deferred discounts	(155)	(395)	(12)	(538)	—
Loss on refunding	(4,160)	—	(290)	(3,870)	—
Plus: Deferred premiums	6,828	—	1,117	5,711	—
Total bonds payable	867,507	151,060	75,833	942,734	43,859
Notes payable	80,998	7,915	37,492	51,421	34,293
Capital leases payable	4,265	—	1,351	2,914	894
Net pension obligation	332,374	37,189	—	369,563	—
Compensated absences	18,834	20,304	18,834	20,304	9,211
Settlements payable	1,681	997	560	2,118	651
Total governmental activities	\$ 1,305,659	\$ 217,465	\$ 134,070	\$ 1,389,054	\$ 88,908
Business-type activities:					
Waterworks:					
Revenue bonds	\$ 619,210	\$ 50,000	\$ 530	\$ 668,680	\$ 1,965
Notes payable	1,337	—	251	1,086	217
Customer advances	16,319	3,570	4,771	15,118	—
Unfunded postretirement obligation	40,745	2,436	1,181	42,000	—
Housing Agency:					
Capital leases payable	3,293	346	546	3,093	591
FSS escrow	510	223	244	489	250
Compensated absences	390	619	663	346	62
Total business-type activities	\$ 681,804	\$ 57,194	\$ 8,186	\$ 730,812	\$ 3,085

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B. General Obligation Bonds

The City, through the Indianapolis Local Public Improvement Bond Bank ("Bond Bank") issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

	<u>Issue date</u>	<u>Final maturity date</u>	<u>Interest</u>	<u>Outstanding</u>
Civil City Bonds:				
Multi-Purpose, Series 2003 D	07/09/2003	01/01/2018	3.000 – 5.500 %	\$ <u>1,441</u>
Redevelopment District Bonds:				
Redevelopment District of 1993:				
Capital appreciation	02/18/1993	01/01/2013	5.500 – 6.300	33,141
Redevelopment District of 1995	12/19/1995	01/01/2015	4.000 – 6.150	<u>2,550</u>
Total Redevelopment District Bonds				<u>35,691</u>
Sanitary District Bonds:				
Sanitary District of 1978 – 1st	02/01/1978	01/01/2003	5.098	30
Sanitary District of 1978 – 1st Deferred	11/01/1978	01/01/2004	5.599	55
Sanitary District of 1978 – 2nd	12/01/1978	01/01/2004	5.708	35
Sanitary District of 1993 – 1st	02/18/1993	01/01/2007	5.400 – 5.650	10,045
Sanitary District of 1993 – 2nd	02/18/1993	01/01/2018	5.700 – 6.000	51,825
Sanitary District of 1995	12/19/1995	01/01/2015	4.600 – 5.250	4,925
Sanitary District of 2003 Refunding	07/09/2003	01/01/2018	3.000 – 5.250	<u>13,386</u>
Total Sanitary District Bonds				<u>80,301</u>
Public Safety Comm Systems & Computer Facilities Dist. Bonds Series 1999 A	08/01/1999	01/01/2010	4.450 – 4.800	<u>11,750</u>

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	<u>Issue date</u>	<u>Final maturity date</u>	<u>Interest</u>	<u>Outstanding</u>
Flood Control District Bonds:				
Flood Control District of 1993 – 1st	02/18/1993	01/01/2007	5.100 – 5.650 %	\$ 3,625
Flood Control District of 1993 – 2nd	02/18/1993	01/01/2018	5.750 – 6.000	9,645
Flood Control District of 1995	12/19/1995	01/01/2015	4.500 – 6.150	1,730
Flood Control District Refunding Bonds, Series 2003 A	07/09/2003	01/01/2018	3.000 – 5.250	<u>11,472</u>
Total Flood Control District Bonds				<u>26,472</u>
Metropolitan Thoroughfare District Bonds:				
Metropolitan Thoroughfare District – 1977	11/01/1977	01/01/2003	4.900	5
Metropolitan Thoroughfare District – 1978	11/01/1979	01/01/2005	5.726	400
Metropolitan Thoroughfare District – 1993 – 1st	02/18/1993	01/01/2008	4.100 – 5.700	12,890
Metropolitan Thoroughfare District – 1993 – 2nd	02/18/1993	01/01/2008	3.900 – 6.000	37,090
Metropolitan Thoroughfare District Refunding, Series 2003A	07/09/2003	01/01/2018	3.000 – 5.500	17,961
Metropolitan Thoroughfare District, Series 2003 A	07/09/2003	01/01/2018	3.000 – 5.500	<u>3,490</u>
Total Metropolitan Thoroughfare District Bonds				<u>71,836</u>
Park District Bonds:				
Park District of 1993 – 1st	02/18/1993	01/01/2008	5.100 – 5.700	2,780
Park District of 1993 – 2nd	02/18/1993	01/01/2018	5.750 – 6.000	20,715
Park District of 1993 Refunding, Series 2003 A	07/09/2003	01/01/2018	3.000 – 5.500	<u>5,107</u>
Total Park District Bonds				<u>28,602</u>
Total General Obligation Bonds				256,093
Less: Matured bonds payable recorded in the debt service funds				<u>(19,339)</u>
General obligation bonds payable				<u>\$ 236,754</u>

All principal and interest payments are due on January 1 and July 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 in the year before payment is due and provides the amount in the Debt Service Funds. All serial bond principal and interest payments due January 1, 2005 have been recorded as matured bonds payable and matured interest payable at December 31, 2004 within the fund financial statements.

CITY OF INDIANAPOLIS
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(In thousands)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year ending December 31	Civil City		Redevelopment General		Sanitary		Flood Control	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 330	70	3,180	125	4,354	4,453	3,493	1,388
2006	350	51	3,190	117	4,468	4,217	3,688	1,192
2007	371	32	3,200	107	4,701	3,963	3,894	983
2008	390	11	3,205	97	4,289	3,713	2,480	808
2009	—	—	6,585	87	4,962	3,457	1,051	711
2010 – 2014	—	—	26,725	250	29,302	12,643	6,183	2,580
2015 – 2019	—	—	295	8	28,225	3,377	5,683	672
	1,441	164	46,380	791	80,301	35,822	26,472	8,334
Less deferred interest on capital appreciation bonds	—	—	(10,689)	—	—	—	—	—
	<u>\$ 1,441</u>	<u>164</u>	<u>35,691</u>	<u>791</u>	<u>80,301</u>	<u>35,822</u>	<u>26,472</u>	<u>8,334</u>
	Metropolitan Thoroughfare		Park		MECA		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$ 5,969	3,916	278	1,641	1,735	543	19,339	12,136
2006	6,276	3,579	286	1,626	1,815	458	20,073	11,240
2007	6,110	3,235	295	1,610	1,905	368	20,476	10,298
2008	6,208	2,891	2,617	1,528	2,000	271	21,189	9,319
2009	3,643	2,617	1,929	1,400	2,095	168	20,265	8,439
2010 – 2014	21,511	9,680	11,434	5,177	2,200	57	97,355	30,387
2015 – 2019	22,119	2,676	11,763	1,431	—	—	68,085	8,164
	71,836	28,594	28,602	14,413	11,750	1,865	266,782	89,983
Less deferred interest on capital appreciation bonds	—	—	—	—	—	—	(10,689)	—
	<u>\$ 71,836</u>	<u>28,594</u>	<u>28,602</u>	<u>14,413</u>	<u>11,750</u>	<u>1,865</u>	<u>256,093</u>	<u>89,983</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
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(In thousands)

C. Tax Increment Revenue Bonds

These bonds are issued to provide funds for the construction and maintenance of the City's infrastructure, such as streets, sewers, and sidewalks. These bonds will be repaid from amounts levied against the property owners that will benefit by this construction.

	<u>Issue dates</u>	<u>Final maturity dates</u>	<u>Effective interest rates</u>	<u>Balance December 31, 2004</u>
Redevelopment District 1990:				
Capital appreciation	12/27/90	08/01/11	7.450 – 7.700 %	\$ 14,495
Less discount				(5,454)
				<u>9,041</u>
Redevelopment District 1991:				
Interest-bearing	4/1/91	02/01/20	5.900 – 6.750	20,755
Capital appreciation	4/1/91	02/01/20	7.100 – 7.250	22,045
Less discount				(6,229)
				<u>15,816</u>
Redevelopment District 1992	04/01/92	02/01/20	5.500 – 6.800	<u>101,630</u>
Park District 1998 Series C	04/09/98	01/15/11	3.800 – 5.100	<u>1,760</u>
Redevelopment District 1999 Series B:				
Interest-bearing	07/15/99	02/01/29	4.250 – 5.800	13,665
Capital appreciation	07/15/99	02/01/29	5.650 – 5.820	241,640
Less discount				(161,884)
				<u>79,756</u>
Redevelopment District 2000 Series A	12/19/00	02/01/21	4.450 – 5.500	<u>10,180</u>
Redevelopment District 2001 Series B	05/14/01	08/01/10	3.000 – 5.250	<u>10,640</u>
Redevelopment District 2002 Series A	12/30/02	02/01/20	6.191	<u>129,305</u>
Redevelopment District 2002 Series B	12/19/02	02/01/29	3.900 – 5.000	<u>29,365</u>
Redevelopment District 2004 Series A	07/08/04	02/01/28	5.150 – 5.150	<u>12,600</u>
Redevelopment District 2004 Series A	10/28/04	08/01/14	variable rate	<u>14,600</u>
Redevelopment District 2004 Series B	10/28/04	08/01/14	variable rate	<u>13,985</u>
Redevelopment District 2004 Series C	10/28/04	02/01/13	variable rate	<u>17,600</u>
				<u>480,698</u>
Less matured bonds payable recorded in the debt service funds				<u>115</u>
Total tax increment revenue bonds				<u>\$ 480,583</u>

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All principal and interest payments are due on January 15 and July 15, February 1 and August 1 of the respective year. Accordingly, the City appropriates all payments due on January 15 and February 1, in the year before payment is due and provides the amount in the Debt Service Funds. All Tax Increment Bond principal and interest payments due January 15, 2005 have been recorded as matured bonds payable and matured interest payable at December 31, 2004 in the fund financial statements.

On July 8, 2004, the City issued its Redevelopment District Tax Increment Revenue Bonds, Series 2004 A (Fall Creek/Citizens Housing Program), in the amount of \$12,600 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2004 A Bonds in the amount of \$12,600. The proceeds to the City were used to pay off all of the principal of, and interest on, the outstanding Redevelopment District Limited Recourse Notes, Series 2001 A, which matured on July 8, 2004, in the amount of \$10,000. The proceeds were also used to provide additional funds to pay for the remaining costs of certain infrastructure improvements in the Fall Creek/Citizens Consolidated HOTIF Allocation Area, fund a debt service reserve account, and pay costs of issuance.

On October 28, 2004, the City issued its Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds, Series 2004 A and Series 2004 B, in the amount of \$14,600 and \$13,985, respectively, to the Indianapolis Local Public Improvement Bond Bank, which issued its related Taxable Refunding Notes of 2004, Series A and Series B, in the amount of \$14,600 and \$13,985, respectively. The proceeds to the City, together with an additional \$5,000 in City funds, were used to refund the City of Indianapolis Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds of 2003, Series A, outstanding in the amount of \$14,600 and Series B outstanding in the amount of \$18,985. The proceeds were also used to provide funds for a debt service reserve account and to pay costs of issuance. The difference between the reacquisition cost and the net carrying amount of the old bonds was \$199. The economic gain on the transaction was \$118. The Series 2004 A and Series 2004 B Bonds have a variable interest rate, which is adjusted at least quarterly each February 1, May 1, August 1, and November 1, based upon the London InterBank Offering Rate Index "LIBOR" plus 110 basis points. The Indianapolis Local Public Improvement Bond Bank can select either the 30-day, 60-day, or 90-day LIBOR prior to each interest period. The rate in effect at December 31, 2004 is 3.26% and 3.52% for the Series 2004 A and Series 2004 B Bonds, respectively.

On October 28, 2004, the City issued its Economic Development Revenue Bonds, Series 2004 C, in the amount of \$17,600 to the Indianapolis Local Public Improvement Bond Bank, which issued its related notes of 2004, Series C, in the amount of \$17,600. The proceeds to the City were used to finance a portion of the incentives offered to Simon Property Group, Inc. to locate its global headquarters in the City, finance certain economic development projects, fund a debt service reserve account, and pay costs of issuance. The Series 2004 C Bonds have a variable interest rate, which is adjusted at least quarterly each February 1, May 1, August 1, and November 1, based upon LIBOR plus 110 basis points. The Indianapolis Local Public Improvement Bond Bank can select either the 30-day, 60-day, or 90-day LIBOR prior to each interest period. The rate in effect at December 31, 2004 is 3.52%.

Under the Harding Street 1991 Series A Tax Increment Bond, if the distributions from the TIF portion of the bond were not sufficient to make payments on the note, Eli Lilly and Company ("Lilly") agreed to pay the City for the difference. The City is liable to repay this amount back to Lilly from any excess money earned from the tax increment portion of the bond. Once the bond has matured, if there still remains an outstanding balance owed to Lilly, the City will repay the balance at this time with interest of the same rate as on the applicable bonds. As of December 31, 2004, the City owes \$6,373 to Eli Lilly as reimbursement for these payments; additionally, \$1,557 represents interest on this amount, and the entire amount of \$7,930 has been recorded as accounts payable in the statement of net assets and governmental funds balance sheet.

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Annual debt service requirements to maturity for the tax increment revenue bonds are as follows:

<u>Year ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 12,835	\$ 21,239	\$ 34,074
2006	15,630	20,622	36,252
2007	16,860	19,938	36,798
2008	18,870	19,157	38,027
2009	20,225	18,275	38,500
2010 – 2014	115,420	74,926	190,346
2015 – 2019	151,970	39,196	191,166
2020 – 2024	149,660	8,441	158,101
2025 – 2029	149,950	5,782	155,732
	651,420	227,576	878,996
Less deferred interest on capital appreciation bonds	(170,722)	—	(170,722)
Total	<u>\$ 480,698</u>	<u>\$ 227,576</u>	<u>\$ 708,274</u>

D. Derivatives

2001 Interest Rate Swap Agreement

Objective of the Interest Rate Swap Agreement. In March 2001, in anticipation of issuing its Series 2002 F Bonds and protecting in part the City from risk of any adverse change in interest rates on the Series 2002 F Bonds, the Indianapolis Local Public Improvement Bond Bank (Bond Bank) entered into a forward Swap agreement with Bear Stearns Capital Markets, Inc. and with Bank One to lock in a fixed interest rate for refunding the 1992 B Current Interest Bonds. By entering into the forward Swap agreement the Bond Bank anticipated refunding its 1992 B Current Interest Bonds. The 1992 B Bonds to be refunded totaled \$125,335 and mature in February 2020. In 2002, the Bond Bank refunded its 1992 B Bonds with the issuance of Series 2002 F Bonds, and the Swap went live. The fixed rate entered into by the Bond Bank pursuant to the Swap agreement was an off market rate providing the Bond Bank \$17.6 million in an up-front payment. The up-front cash payment is restricted for debt service on the Series 1992 Bonds and the 1999 Bonds and for payment of principal and interest on the \$35 million note commonly referred to as the “Key Bank Loan”. The remaining cash at December 31, 2004 is \$11,292 and is recorded by the City as cash and investments with fiscal agents which is being held by the Bond Bank.

Terms. Under the Swap Agreement, the Bond Bank pays interest to the 2001 Swap Providers on the notional amount set forth in each of the 2001 Swap Agreements at a fixed interest rate of 6.191%, in exchange for which the 2001 Swap Providers will pay interest to the Bond Bank on such notional amounts at a variable interest rate equal to seventy-four percent (74%) of the one-month LIBOR rate (as defined in the 2001 Swap Agreements). The Swap's notional amount of \$129,305 as of December 31, 2004 matches the variable-rate bonds. The obligations began to bear interest on February 1, 2003, and each party is required to make payments, if any, to the other party under the 2001 Swap Agreements on February 1 and August 1 of each year, commencing on August 1, 2003. In the event interest cost applicable to the Series 2002 F Bonds exceed the payments to be received under the Swap Agreements, the additional interest costs would be paid from Tax Increment Revenues. Starting in 2004, the notional value of the Swap and the related principal amount of the associated debt began to decline.

Fair Value. Because interest rates have declined since execution of the Swap Agreement, the Swap had a negative fair value of \$35,599 as of December 31, 2004. The Swap's negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the Bond Bank's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the Swap.

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Credit Risk. As of December 31, 2004, the Bond Bank was not exposed to credit risk because the Swap had a negative fair value. However, should interest rates change and the fair value of the Swap becomes positive, the Bond Bank would be exposed to credit risk in the amount of the derivative's fair value. The Swap counterparty, Bear Stearns, was rated A+ by Fitch Ratings, A by Standard & Poor's, and A1 by Moody's Investor Service as of December 31, 2004; Bank One was rated A+ by Fitch Ratings, A by Standard & Poor's, and Aa3 by Moody's Investor Service as of December 31, 2004.

Termination Risk. The Bond Bank or the Swap Provider may terminate the Swap if the other party fails to perform under the terms of the contract (as defined by the Swap Agreement). If at the time of termination the Swap has a negative fair value, the Bond Bank would be liable to the Swap provider for a payment equal to the Swap's fair value. Payments to the 2001 Swap provider by the Bond Bank are guaranteed by Swap insurance policies issued by MBIA Insurance Corporation.

2003 Interest Rate Swap Agreement

Objective of the Interest Rate Swap Agreement. In April 2003, the Bond Bank issued its Series 2003 A Refunding Notes in the amount of \$14,600 and Series B Refunding Notes in the amount of \$20,985 to purchase the City of Indianapolis Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds of 2003 Series A and B. The City used the proceeds to currently refund the City of Indianapolis Redevelopment District Limited Recourse Taxable Refunding Notes, Series 2000. The Series A and B Refunding Bonds are variable interest rate notes bearing interest at one hundred ten (110) basis points plus the LIBOR rate. Concurrent with the issuance of the Notes, the Bond Bank entered into an interest rate Swap Agreement for the Series A Refunding Note through the term of the Note.

During 2004, the Series 2003 A and B Bonds were repaid with the proceeds of the City's Redevelopment District Taxable Junior Subordinate Tax Increment Revenue Refunding Bonds, Series 2004 A and B, and the Economic Development Revenue Bonds, Series 2004 C. A portion of the Series 2004 C Bonds was substituted for the Series 2003 A Bonds in the Swap Agreement.

Term. Under the Swap Agreement, the Bond Bank will pay interest to the Swap Provider at a fixed rate of 4.27% on the notional amount of \$14,600, in exchange for which the Swap Provider will pay interest on a variable rate that matches the rate required by the Bonds. Starting in fiscal year 2010, the notional amount of the Swap and the principal amount of the associated debt decline per the debt schedule until the debt is completely retired. The bonds and the related Swap Agreement mature on February 1, 2013.

Fair Value. As of December 31, 2004, the Swap had a negative fair value of \$281. The negative fair value of the Swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the coupons on the Bond Bank's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was developed by a pricing service using the zero-coupon method. This method calculates the future net settlement payments required by the Swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future settlement of the Swap.

Credit Risk. As of December 31, 2004, the Bond Bank was not exposed to credit risk because the Swap had a negative fair value. However, should interest rates change and fair value of the Swap becomes positive, the Bond Bank would be exposed to credit risk in the amount of the derivative's fair value. The Swap counterparty was rated A by Fitch Ratings, A- by Standard & Poor's and A2 by Moody's Investors Service as of December 31, 2004.

Termination Risk. The Bond Bank or the Swap provider may terminate the Swap if the other party fails to perform under the terms of the contract (as defined by the Swap agreement). If at the time of termination the Swap has a negative fair value, the Bond Bank would be liable to the Swap provider for a payment equal to the Swap's fair value.

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Swap Payments and Associated Debt

Using rates as of December 31, 2004, debt service requirements of the variable-rate debt and net Swap payments of the Bond Bank, *assuming current interest rates remain the same* for their term, were as follows. As rates vary, variable-rate bond interest payments and net Swap payments will vary.

2001 Swap

Year ending December 31	Variable-rate bonds		Interest rate swaps, net	Total
	Principal	Interest		
2005	\$ 195	\$ 2,024	\$ 6,048	\$ 8,267
2006	205	2,021	6,039	8,265
2007	220	2,018	6,029	8,267
2008	230	2,014	6,019	8,263
2009	245	2,011	6,007	8,263
2010 – 2014	1,485	9,989	29,843	41,317
2015 – 2019	102,835	6,099	18,221	127,155
2020 – 2021	23,890	188	560	24,638
Total	\$ 129,305	\$ 26,364	\$ 78,766	\$ 234,435

2003 Swap

Year ending December 31	Variable-rate bonds		Interest rate swaps, net	Total
	Principal	Interest		
2005	\$ —	\$ 254	\$ 291	\$ 545
2006	—	254	291	545
2007	—	254	291	545
2008	—	254	291	545
2009	—	254	291	545
2010 – 2014	14,600	541	979	16,120
Total	\$ 14,600	\$ 1,811	\$ 2,434	\$ 18,845

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E. Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are issued through the Indianapolis Local Public Improvement Bond Bank. Revenue bonds outstanding at year-end are as follows:

	Issue dates	Final maturity dates	Effective interest rates	Balance December 31, 2004
Governmental activities:				
Transportation Revenue—2001 Series A	05/11/01	07/01/10	4.500 – 5.500 % \$	24,370
Indy Roads Revenue Bonds—2003 Series	11/25/03	01/01/19	2.000 – 5.000	20,000
Park District Revenue—1998 Series B	04/09/98	01/15/13	6.050 – 68.00	1,795
Redevelopment District—2002 Series A	11/21/02	02/01/12	3.000 – 3.850	3,360
Sanitary District Bonds—1998 Series A	12/30/98	01/01/19	3.500	16,937
Sanitary District Bonds—2000 Series A	06/30/00	01/01/21	3.500	14,974
Sanitary District Bonds—2000 Series B	12/14/00	01/01/21	4.500 – 5.600	9,065
Sanitary District Bonds—2001 Series A	08/23/01	01/01/23	4.000	29,089
Sanitary District Bonds—2002 Series B	08/30/02	01/01/24	4.000	27,567
Sanitary District Bonds—2004 Series G	08/01/04	01/01/24	3.580	8,600
Sanitary District Bonds—2004 Series H	08/24/04	01/01/26	4.130	8,058
Sanitary District Bonds—2004 Series I	12/29/04	01/01/26	3.690	1,380
Enhanced Emergency System—2001 Series D	08/30/01	07/01/11	2.700 – 5.000	9,995
Economic Development Bonds—2004 Series B	06/23/04	04/01/30	variable rate	9,900
Economic Development Bonds—2004 Series C	06/23/04	04/01/39	5.150	19,550
				<u>204,640</u>
Less matured bonds payable recorded in debt service funds				<u>(8,300)</u>
Total revenue bonds recorded in governmental activities				<u>\$ 196,340</u>
Business-type activities:				
Waterworks District, two issues	04/30/02	01/01/07 – 01/01/35	4.150 – 5.450 % \$	579,850
Economic Development Revenue Bonds, two issues:	07/29/98	07/15/28	5.050	38,830
Waterworks District, Series 2004	03/31/04	01/01/36	variable rate	50,000
Total Waterworks				<u>668,680</u>
Total revenue bonds recorded in business-type activities				<u>\$ 668,680</u>

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All principal and interest payments are due on January 1 and July 1, January 15 and July 15, and April 1 and October 1 of the respective year. Accordingly, the City appropriates all payments due on January 1 and January 15 in the year before payment is due and provides the amount in the Debt Service Funds. Payments due in April and October will be appropriated in the year due. All revenue bond principal and interest payments due January 1, 2005 and January 15, 2005 have been recorded as matured bonds payable and matured interest payable at December 31, 2004.

On December 30, 1998, the City of Indianapolis issued Sanitary District Bonds of 1998, Series A, in the amount of \$23,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 1998 E Bonds in the amount of \$23,000. The net proceeds are being used for construction or additions and improvements to the Sewage Works system. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Revolving Loan Program to finance low-cost water quality projects. The City made no draws during 2004, and the outstanding balance of draws at December 31, 2004 was \$16,937.

On June 30, 2000, the City of Indianapolis issued Sanitary District Revenue Bonds of 2000, Series A, in the amount of \$32,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2000 B Bonds in the amount of \$32,000. The net proceeds are being used to fund seven Barrett Law Sewer Projects to eliminate many failing septic systems and thus reduce waterways contaminated by septic system runoff. The project also includes two lift station projects, a manhole rehabilitation project, and four wastewater treatment plant projects. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$1,476 during 2004, and the outstanding balance of draws at December 31, 2004 was \$14,974.

On August 23, 2001, the City of Indianapolis issued Sanitary District Revenue Bonds of 2001, Series A, in the amount of \$42,420 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2001 Series E Bonds in the amount of \$42,420. The proceeds are being used to fund several environmental studies and engineering projects and advanced wastewater treatment plant projects. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$21,266 during 2004, and the outstanding balance of draws at December 31, 2004 was \$29,089.

On August 30, 2002, the City of Indianapolis issued Sanitary District Revenue Bonds of 2002, Series B, in the amount of \$41,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2002 D Bonds in the amount of \$41,000. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$14,285 during 2004, and the outstanding balance of draws at December 31, 2004 was \$27,567.

On June 23, 2004, the City issued its Economic Development Revenue Bonds, Series 2004 B, in the amount of \$9,900 to the Indianapolis Local Public Improvement Bond Bank which issued its related Taxable Special Program Variable Rate Demand Bonds, Series 2004 B, in the amount of \$9,900. The proceeds to the City are being used to provide financial incentives and assistance to a private developer for use in construction of a luxury hotel in the City's downtown. The City intends to repay the Series 2004 B Bonds with revenues available from certain parking facilities in the City's downtown. The Series 2004 B Bonds bear interest on each interest payment date at the rate computed which may not exceed the Maximum Rate. The Maximum Rate is defined as (i) the annual interest rate used in determining the available interest component under the related Liquidity Facility, if any, or (ii) 21% for any Series 2004 B Bonds that constitute Indianapolis Local Public Improvement Bond Bank Bonds. The Maximum Rate applicable to the Series 2004 B Bonds which are not Indianapolis Local Public Improvement Bond Bank Bonds is 12%. The interest rate at December 31, 2004 is 2.42%.

On June 23, 2004, the City issued its Economic Development Revenue Bonds, Series 2004 C, in the amount of \$19,550 to the Indianapolis Local Public Improvement Bond Bank which issued its related Special Program Bonds, Series, 2004 C, in the amount of \$19,550. The proceeds to the City are being used to provide financial incentives and assistance to a private developer for use in construction of a luxury hotel in the City's downtown. The City intends to repay the Series 2004 C Bonds with revenues available from certain parking facilities in the City's downtown.

On June 30, 2004, the City of Indianapolis issued Sanitary District Revenue Bonds of 2004, Series G, in the amount of \$8,600 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2004 G Bonds in the amount of \$8,600. The net proceeds were used to pay down the Sanitary District Bond Anticipation Note 2003 A in the amount of \$8,600. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$8,600 during 2004, and the outstanding balance of draws at December 31, 2004 was \$8,600.

On August 24, 2004, the City of Indianapolis issued Sanitary District Revenue Bonds of 2004, Series H, in the amount of \$25,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2004 H Bonds in the amount of \$25,000. The net proceeds were used to pay down Sanitary Commercial Paper 2002 in the amount of \$7,367 and to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as

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part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$8,058 during 2004, and the outstanding balance of draws at December 31, 2004 was \$8,058.

On December 29, 2004, the City of Indianapolis issued Sanitary District Revenue Bonds of 2004, Series I, in the amount of \$70,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2004 I Bonds in the amount of \$70,000. The net proceeds are being used to construct sewer works improvements at various locations, along with the purchase of necessary appurtenance and equipment. These funds are borrowed and paid back through the State of Indiana as part of the State of Indiana Wastewater Loan Program to finance low-cost water quality projects. The City drew down \$1,380 during 2004, and the outstanding balance of draws at December 31, 2004 was \$1,380.

On March 31, 2004, the City issued Waterworks District Net Revenue Bonds, Series 2004, in the amount of \$50,000 to the Indianapolis Local Public Improvement Bond Bank, which issued its related Series 2004 A Bonds in the amount of \$50,000. The net proceeds are being used to finance capital improvements to the Waterworks, including, without limitation, filter upgrades, boiler upgrades, well upgrades, roof replacements, improvements to elevated tanks, repair and upgrades to several reinforcement and feeder mains, valve replacements, and treatment plant expansion and to pay issuance cost and bond issuance. The outstanding balance on December 31, 2004 was \$50,000. The Waterworks District, Series 2004 Bonds bear interest at an auction rate ("Auction Rate") which is described in the respective bond document. During the related Auction Rate Period, the interest rate on the Series 2004 Bonds is determined by submitted bids and may not exceed the lesser of (i) 12% per annum and (ii) the maximum rate permitted by law. The Auction Rate is established by the Auction Agent (currently Wilmington Trust Company) pursuant to Auction Procedures as outlined in the bond document. Currently, the Waterworks District, Series 2004 Bonds bear interest in 35-day Auction Rate Periods but they may be converted to a daily, 7-day, 28-day, 35-day, 3-month, or 6-month Auction Rate Period or a Flexible Auction Rate Period, which is defined as any period not less than 7 days nor more than 1,092 days. At December 31, 2004, the Auction Rate is 1.77%.

Revenue bond debt service requirements to maturity are as follows:

Year ending December 31	Governmental activities		Business-type activities		Total	
	Principal	Interest	Waterworks		Principal	Interest
			Principal	Interest		
2005	\$ 11,685	\$ 8,000	\$ 1,965	\$ 33,605	\$ 13,650	\$ 41,605
2006	13,609	7,846	1,930	33,262	15,539	41,108
2007	15,552	7,289	3,405	33,143	18,957	40,432
2008	14,917	6,645	4,165	32,975	19,082	39,620
2009	15,706	6,002	4,970	32,745	20,676	38,747
2010 – 2014	61,237	21,232	38,695	159,102	99,932	180,334
2015 – 2019	43,584	10,824	68,890	145,159	112,474	155,983
2020 – 2024	7,730	5,383	109,175	122,460	116,905	127,843
2025 – 2029	4,550	4,371	167,480	88,709	172,030	93,080
2030 – 2034	6,905	3,247	218,005	38,412	224,910	41,659
2035 – 2039	9,165	1,340	50,000	1,275	59,165	2,615
	<u>\$ 204,640</u>	<u>\$ 82,179</u>	<u>\$ 668,680</u>	<u>\$ 720,847</u>	<u>\$ 873,320</u>	<u>\$ 803,026</u>

F. Notes Payable

- The City has outstanding notes payable related to HUD Section 108 loan proceeds. The notes payable, with an original amount of \$6,000, were issued in 2000 and 2001. Under the terms of the agreement, the City makes principal and interest payments on each February 1 and August 1, with the last payment being made on August 1, 2020. At December 31, 2004, \$4,800 was still outstanding.

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2. On May 1, 2001, the City issued notes in the amount of \$7,118 for the purchase of certain equipment, vehicles and related capital items, including all expenses in connection with or on account of the issuance of notes. Interest is payable on May 15 and November 15 and is calculated on the basis of a 363-day or 366-day year as the case may be. The interest rate may vary with each purchase of a Tax Revenue Note but not to exceed 7%. This issue matures on June 1, 2006. At December 31, 2004, \$1,504 was still outstanding.
3. On April 5, 2002, the City signed a Master Equipment Lease/Purchase Agreement with Banc of America Leasing & Capital, LLC for an amount not to exceed \$6,580. Two Acquisition Accounts were created: "City of Indianapolis Acquisition Account – 4 Years" in the amount of \$4,074 and the second "City of Indianapolis Acquisition Account – 5 Years" in the amount of \$2,506. On the signing date, the amount of \$1,620 was due against the principal. At December 31, 2004, \$2,059 was still outstanding.
4. On July 18, 2002, the City signed an Acquisition Fund Agreement with Banc of America Leasing & Capital, LLC for an amount not to exceed \$9,403. Two Acquisition Accounts were created: the first to be known as "City of Indianapolis Acquisition Account – Helicopter" in the amount of \$2,194 and the second as "City of Indianapolis Acquisition Account – Vehicles and Equipment" in the amount of \$7,209. The term for this agreement is 48 months, with the first principal payment due January 1, 2003. At December 31, 2004, \$5,379 was still outstanding.
5. On January 1, 2003, the City signed an Acquisition Funds Agreement with Banc of American Leasing & Capital, LLC for an amount not to exceed \$9,531. One Acquisition Account was created: a "City of Indianapolis Acquisition Account – Vehicles and Equipment" in the amount of \$9,531. The term for this agreement is 48 months, with the first principal payment due July 1, 2003. At December 31, 2004, \$6,049 was still outstanding.
6. The City signed an Acquisition Funds Agreement with Banc of American Leasing & Capital, LLC for an amount not to exceed \$7,313. One Acquisition Account was created: a "City of Indianapolis Acquisition Account – Vehicles and Equipment" in the amount of \$7,313. The term for this agreement is 48 months, with the first principal payment due July 1, 2004. At December 31, 2004, \$6,443 is still outstanding.
7. On October 1, 2002, the Tax-Exempt Commercial Paper Notes, Series B, were issued by the Indianapolis Local Public Improvement Bond Bank in an amount limited to \$32,219. The proceeds are being used to undertake certain projects on the Sanitary District's (\$14,800) and Stormwater District's (\$15,200) long-term capital plans. This commercial paper rolls over approximately every ninety (90) days and the amounts outstanding at December 31, 2004 will mature on January 18, 2005. The City intends to roll over these proceeds until no later than October 1, 2007. Eventual repayment will be made from proceeds of bonds if and when issued by the Sanitary District or from net revenues of the Sanitary District, if any, available for such payment. During 2004, the City drew down an additional \$602. The outstanding amount as of December 31, 2004 was \$9,800 for the Sanitary District notes and \$15,200 for the Stormwater District notes. The City of Indianapolis has the option to issue an additional \$5,000 of commercial paper.
8. On June 27, 2002, a loan for \$60 was secured from Indiana Development Finance Authority through the Department of Metropolitan Development. The purpose was to assist in financing the cost of assessment and remediation activities at a Brownfield site (as defined in IC 13-11-2-19.3) known as the former Mobil gas station, 1520 Central Avenue in Indianapolis, Indiana. Up to twenty percent (20%) of the \$57 loan may be forgiven if the project attains its Economic Development Goals timely. At December 31, 2004, \$57 was still outstanding.
9. On June 27, 2002, a loan for \$175 was secured from Indiana Development Finance Authority through the Department of Metropolitan Development. The purpose was to assist in financing the cost of assessment and remediation activities at a Brownfield site (as defined in IC 13-11-2-19.3) known as Riverside Plaza, located at 1426 W. 29th Street in Indianapolis, Indiana. Up to twenty percent (20%) of the \$175 loan may be forgiven if the project attains its Economic Development Goals timely. In 2004, \$35 was forgiven. At December 31, 2004, \$130 was still outstanding.
10. In connection with the purchase of the Waterworks in 2002, the City assumed several notes payable. These notes are generally for the purchase of real estate and water rights and mature over terms ranging from 2 to 7 years. At December 31, 2004, a total of \$1,086 was outstanding for all notes.

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Annual amounts due on notes payable to maturity are as follows:

	Governmental activities		Business-type activities	
			Waterworks	
	Principal	Interest	Principal	Interest
2005	\$ 34,293	\$ 887	\$ 217	\$ —
2006	7,617	564	217	—
2007	4,551	349	217	—
2008	1,284	253	217	—
2009	330	224	218	—
2010 – 2014	1,546	854	—	—
2015 – 2019	1,500	391	—	—
2020 – 2021	300	20	—	—
	<u>\$ 51,421</u>	<u>\$ 3,542</u>	<u>\$ 1,086</u>	<u>\$ —</u>

G. Barrett Law Bonds: The City has recorded \$2,908 of receivables from homeowners to the City has been recorded for amounts owed to the City for construction of sewers that were primarily funded by State Revolving funds from the State of Indiana. This amount has been deferred for the fund statements.

H. Capital Leases Payable:

Governmental Activities

The City and Marion County jointly lease their office building and parking lot from the Indianapolis-Marion County Building Authority (“Building Authority”), a related party, over a 50-year term expiring in December 2012 (see Note 13). The Building Authority is a separate municipal corporation whose purpose is to finance, acquire, construct, improve, renovate, equip, operate, maintain, and manage land, governmental buildings, and communication systems for governmental entities within Marion County. The Building Authority has no stockholders nor equity holders, and all bond and note loan proceeds, rentals and other revenues must be disbursed for specific purposes in accordance with provisions of Indiana Code 36.9-13 et. seq. and several trust indentures and loan agreements executed for the security of the holders of the bonds and notes. The facilities are financed through the issuance of general obligation debt. The Building Authority enters into long-term lease agreements with the City and other government entities, which provide for sufficient rent to service the debt and offset operating costs. All of the leases contain lease renewals and purchase options. If these options are not exercised, the leases provide for the transfer, upon expiration of the lease, of ownership of the properties to the lessees free and clear of all obligations of the lease. The governing Indiana statute with respect to each of the Building Authority’s leases provides that the government lessee(s) shall be obligated to levy annually a tax sufficient to produce each year the necessary funds to pay the lease rentals to the Building Authority. These leases provide for sufficient rent to service the debt and provide for operating costs. Marion County and the City will jointly obtain title to the building and parking lot in the future. The lease requires the City to make annual payments equal to the Building Authority’s debt service requirements (\$0 in 2004) plus the City’s share of building operating and maintenance costs (\$1,512 in 2004).

In addition, the City leases a central maintenance garage from the Building Authority over a 27-year term (with the option to renew for a like or lesser term) expiring in December 2011. The lease requires that the City make annual payments of \$500 and pay additional rent in an amount sufficient to cover costs of operation and maintenance of the garage. The City will obtain title to the garage at the end of the lease (or renewal) term. Accordingly, the lease is classified as a capital lease with a capitalized cost, net of depreciation, of \$6,017 at December 31, 2004.

The City also leases certain equipment under capital leases expiring through 2008 with a capitalized cost, net of depreciation, at December 31, 2004 of \$518.

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Housing Agency

In 2002, the Housing Agency entered into an agreement with Energy Systems Group “ESG” for capital improvements to Housing Agency-owned properties to enhance energy efficiency (“Energy Savings Project”) and to modernize certain of the Housing Agency’s properties (“Modernization Project”). The agreement calls for both projects to be financed through two separate lease purchase agreements with payments made semi-annually over a twelve (12) year period. As of December 31, 2004, the lease purchase agreement on the Energy Savings Project had a total liability balance of \$1,518. As of December 31, 2004, the Housing Agency had executed the lease purchase agreement for the Modernization Project with a total liability balance of \$1,273. At December 31, 2004, the capitalized cost, net of related depreciation, of these two projects was \$3,851.

In 2004, the Housing Agency entered into a capital lease to finance the purchase of phone system equipment. At December 31, 2004, the capitalized cost, net of depreciation, is \$303.

The following is a schedule of future minimum lease payments and the net present value of these minimum lease payments for both governmental and business-type activities as of December 31, 2004.

	Governmental activities	Business-type activities	
		Waterworks	Housing Agency
2005	\$ 1,067	\$ —	\$ 734
2006	1,024	—	734
2007	1,016	—	734
2008	158	—	271
2009	—	—	220
2010 – 2014	—	—	973
	3,265	—	3,666
Less amount representing interest	351	—	573
Present value of net minimum lease payments	\$ 2,914	\$ —	\$ 3,093

- I. Unfunded Pension Obligations:** As discussed in Note 16, the Police and Firefighters (City) Pension Plans are funded on a “pay-as-you-go” basis.
- J. Compensated Absences Payable:** A long-term liability for benefit and sick leave earned but not paid of \$20,304 at December 31, 2004 is recorded in the government-wide statements. Compensated absences are generally liquidated by the General Fund.
- K. Settlements Payable:** A settlement payable of \$1,121 represents an amount the City has agreed to pay to the EPA as a result of an audit conducted by the EPA on grant funds received several years ago. The City will repay the remaining amount of this settlement over the next 2 years out of the sanitary capital projects fund. Another settlement payable of \$997 was added in 2004. It results from a 1991 consent decree which indicated that the U.S. Environmental Protection Agency “EPA” placed the Northside Sanitary Landfill on the National Priorities List. This landfill is located in Union Township, Boone County, approximately 5 miles north of Zionsville, Indiana. In the late 1980s, the EPA conducted studies at the landfill due to the release or potential release of harmful hazardous substances and determined that remedial actions at the facility were necessary. This landfill is not owned by the City; however, the City was named as a Settling Defendant (among many) in the Consent Decree. While not admitting responsibility, the Settling Defendants have agreed to settle the claims in the lawsuit and participate in the cleanup of the facility. This amount is payable over the next 11 years.
- L. Conduit Debt:** From time to time, the City has issued Economic Development Revenue Bonds to provide financial assistance to private sector entities for the acquisition, rehabilitation, and construction of industrial, commercial, and housing facilities and projects deemed to be in the public interest. The bonds are secured by the property financed. The City is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

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As of December 31, 2004, the City-County Council had approved 74 series of Economic Development Revenue Bonds for a total not to exceed \$741,465. In 2004, of the not-to-exceed amount of \$110,150 that was approved by the City-County Council, bonds in the amount of \$84,060 were issued. The aggregate principal amount outstanding on bonds issued prior to 2004 could not be determined. The aggregate principal amount outstanding of bonds issued in 2004 was \$84,060.

M. HUD Serviced Debt: The Housing Agency has issued certain obligations related to development and modernization of low-rent housing units as long-term debt in the financial statements. These obligations are payable by HUD and secured by annual contributions. The Housing Agency bonds represent the Agency's portion of consolidated issues, which include other housing authorities in the State of Indiana. HUD deposits an amount equal to the total maturities with the paying agent each year, and allocates bond principal payments to each housing authority based on its percentage of the total issue.

The Housing Agency, with consultation with HUD, concluded that the obligations do not constitute a debt of the Housing Agency and therefore are not recorded in the financial statements. The total bonds outstanding at December 31, 2004 were \$6,870 and are considered a contingent obligation in that the Housing Agency could be liable should HUD fail or refuse to service the debt.

11. Short-term Debt Analysis

Tax Anticipation Warrants were issued on the taxes levied in 2003 and collected in 2004. The City-County Council authorizes the temporary borrowing pending the receipt of taxes levied and repayment of loans on June 30 and December 31 of the year borrowed. This procedure assures the City of sufficient funds for operating expenses between the property tax distribution dates.

<u>Departments</u>	<u>Balance January 1, 2004</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Balance December 31, 2004</u>
Police General principal	\$ —	\$ 30,325	\$ 30,325	\$ —
Fire General principal	—	14,233	14,233	—
Park General principal	—	9,957	9,957	—
Total	<u>\$ —</u>	<u>\$ 54,515</u>	<u>\$ 54,515</u>	<u>\$ —</u>

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12. Fund Balance

Included in the City's General Fund are financial activities of certain districts within the City. These districts generally involve the collection of fees and taxes for the purposes of the district, and their use is limited to those purposes. The City tracks these activities by utilizing accounts within the General Fund. Below represents a breakdown of the components of the General Fund fund balance by each account:

	Reserved for encumbrances	Unreserved	Total
Consolidated County	\$ 2,480	\$ 30,705	\$ 33,185
Redevelopment	810	7,863	8,673
Solid Waste Collection	361	9,442	9,803
Solid Waste Disposal	257	11,965	12,222
Sanitation	2,706	55,352	58,058
Maintenance Operation	52	580	632
Transportation	4,605	15,337	19,942
Police	12	8,312	8,324
Fire	391	2,563	2,954
Park	1,341	1,326	2,667
Stormwater	315	9,094	9,409
Total	<u>\$ 13,330</u>	<u>\$ 152,539</u>	<u>\$ 165,869</u>

13. Joint Venture

The Indianapolis-Marion County Building Authority (Building Authority) is a joint venture of Marion County and the City of Indianapolis. See Note 10.H for further discussion on the Building Authority. The City's share of the joint venture consists primarily of 42% of the City-County Building (determined by occupancy) and 100% of the Municipal Garage, Belmont Garage, Public Safety Communications System, Public Safety Training Academy, and Public Safety Properties. The various portions of Building Authority facilities are leased to other units of government and private parties. Marion County's share of the joint venture consists primarily of 58% of the City-County Building (determined by occupancy) and 100% of the Marion County Jail and Jail II, Juvenile Detention Center, and Sheriff's Roll Call Site.

The Building Authority has various long-term debt obligations, which are secured by the rent payments received from the City and County. During 2004, the City paid approximately \$7,753 in rent. The amount of the Building Authority's principal's current portion and long-term debt portion at June 30, 2004 was \$4,650 and \$39,160, respectively. The amount of accumulated net revenues retained in operation accounts at June 30, 2004 was \$64,275, and the amount of accumulated net revenues retained and used for building, site, and project costs and related debt service was \$36,099.

A copy of the separately issued financial statements of the Building Authority for the year ended June 30, 2004, which is prepared on a basis other than accounting principles generally accepted in the United States of America, is available upon request.

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14. Contingent Liabilities and Commitments

- A. Various lawsuits are pending against the City. In the opinion of the City's Corporation Counsel, the aggregate potential loss on all outstanding litigation was estimated to be \$2,024. This amount has been accrued for in the Internal Service Fund. This opinion concurs with the Indiana law limiting the liability of municipalities to \$300 per person and \$5,000 per occurrence. Additionally, the City is a defendant in various lawsuits for which management has determined that there is a reasonable possibility of an adverse outcome. No accrual has been made in the financial statements for these items, which approximate \$1,090, as the loss is not both probable and estimable.
- B. The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under the terms of the grants.
- C. The City has a service agreement with the owner of a resource recovery facility and has guaranteed a certain amount of "acceptable waste" to be delivered each year to the facility. Revenues for the facility are generated by (1) charging tipping fees for accepting, processing, and/or disposing of the guaranteed tonnage, (2) recovering energy and other resources therefrom and (3) payment by the City of the service fee under the Service Agreement. The service fee is equal to (1) the debt service plus (2) the facility's operation and maintenance charge plus (3) certain pass-through costs, less (4) a recovered resources credit (initially from sale of steam to the local electric company). Additional "acceptable waste" above the guaranteed tonnage is processed for a fee as defined in the service agreement. The City imposes a user fee to offset the cost of solid waste disposal. Included in the General Fund is \$8,500 of cash with fiscal agent, which represents excess monies from the surplus account that is utilized to account for differences in the guaranteed fee amounts.
- D. The City has entered into operating agreements on a number of City-owned golf courses, which provide for termination payments to be made to the operator if the City cancels the agreements prematurely. These payments are primarily to cover the costs for improvements made to the courses by the operators. The termination payment declines over the term of the agreements. There are termination agreements on five courses: Coffin, Eagle Creek, Riverside Academy, Smock, and Winding River. While the City has no intention to do so, if the agreements were terminated at December 31, 2004, the total termination payments due would be \$4,982.
- E. The City has an agreement with a contractor to provide the operation and maintenance of the Belmont and Southport advanced wastewater treatment facilities. The contractor provides all personnel, supplies, and other items necessary to operate the advanced wastewater treatment facilities. In addition, the contractor is responsible for the routine, preventative and corrective maintenance of the facilities. The agreement specifies an annual base fee to be paid to the contractor and expires in 2007. In 2004, the base fee paid to the contractor was \$18,753.
- F. The City has an agreement with a contractor to provide the operation and maintenance of the sewer and collection system and the maintenance of the Eagle Creek Dam. The contractor provides all personnel, supplies, and other items necessary to operate the collection system and maintain the dam. In addition, the contractor is responsible for the routine, preventative and corrective maintenance of the facilities. The agreement specifies an annual base fee to be paid to the contractor and expires in 2007. In 2004, the base fee paid to the contractor was \$6,264.
- G. The City entered into an agreement on March 21, 2002 with U.S. Filter Operating Services, Inc. (now Veolia) to operate and maintain the water utility. The contract was effective April 30, 2002 and has a term of twenty (20) years. The agreement provides for the City to pay an annual fixed fee of \$33,303 in the first year of the agreement and additional incentive payments up to \$8,400. In 2003, the total amount paid to Veolia under the management agreement was \$29,330. The annual fixed fee is adjusted annually effective each January 1 by an amount equal to the product of the fixed fee for the previous year times the lesser of (i) 2.5% or (ii) 88.6% of the annual increase in the Consumer Price Index ("CPI"). After the fifth year of the contract, the fixed fee is adjusted annually by an amount equal to 88.6% of the annual increase in the CPI. The adjustment effective January 1, 2005 was 2.5%.
- H. The City has proposed a Combined Sewer Overflow Long Term Control Plan that is being reviewed by the U. S. Environmental Protection Agency ("EPA") and the Indiana Department of Environmental Management. This long-term plan will cost approximately \$1,000,000 over a period of 20 years. The City entered into an agreement with a contractor to assist in the overall management of the initial phase of the proposed program. The total amount of the contract for a 3-year period is \$16,000. The total amount spent in 2004 for the contract was \$6,187.
- I. As indicated in Note 1.D, the Waterworks is rate-regulated by the IURC in connection with its purchase of the Waterworks. As of December 31, 2004, regulatory assets amounting to \$1,807 have been recorded by the City. There are no regulatory liabilities. Due to the unusual nature of this purchase transaction (municipality purchasing a privately owned entity), there is little precedent as to the manner in which the IURC will treat deferred assets and liabilities that had been previously recorded by NiSource or the cost of acquiring the rights to operate the system. Future rulings by the IURC could result in regulatory assets or liabilities being recorded by the City.
- J. The Waterworks is subject to pollution control and water quality control regulations, including those issued by the EPA, the Indiana Department of Environmental Management "IDEM", the Indiana Water Pollution Control Board, and the Indiana Department of Natural Resources. From time to time, the Waterworks is involved in environmental matters and claims incidental to its business, and management of the City believes that the outcome of these matters will not have a material adverse effect, either individually or in the aggregate.

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15. Related Party Transactions

The legislative body of the City is the same in several respects as that of Marion County, and the position of the County Executive is the same as the Mayor of Indianapolis. The County provides certain information and telephone services to the City. During the year, the City incurred approximately \$14,024 in costs of which approximately \$1,595 is due to Marion County at December 31, 2004 for these services. In addition, the City owed Marion County \$1,016 for 911 dispatch service. In 2004, the City paid \$3,047 of 911 dispatch fees to the County. At December 31, 2004, the County owed the City \$1,262 for fuel charges and \$232 for court costs. In addition, the City and Marion County both act in capacities of pass through and subrecipient agents for federal and state grants.

The City and Marion County purchase certain insurance policies which cover risks of both entities. The City and County pay premiums associated with their own respective portions of the coverage. The City provides certain administrative services to the County including purchasing, legal and other general administration. The City funds such services through a county-wide tax levy. The County does not compensate the City for these services. Conversely, Marion County provides, at no compensation, criminal, civil, juvenile and probate court services to all municipalities and unincorporated areas in Marion County and administers the property tax administration and collection system for the same jurisdictions and the Marion County jail and lockup.

16. Pension Plans

City employees are covered under one of the following defined benefit Public Employees' Retirement Systems (PERS):

A. Plan Descriptions

1. Police and Firefighters (PERF) Plan

Certain police and firefighters are covered by a statutory cost-sharing multiple-employer retirement system. This plan covers all police and firefighters hired after April 30, 1977 or hired before May 1, 1997 who have elected to covert to this plan, and is administered by the Public Employees' Retirement Fund of Indiana "PERF".

State statute regulates the operations of the system, including benefits, vesting, and contributions. Employees covered may retire and receive full benefits upon attainment of age 52 and 20 years of service. An employee with 20 years of service may leave, but will not receive benefits until reaching age 50. The plan also provides for certain death and disability benefits. The Public Employees' Retirement Fund of Indiana issues a publicly available financial report that includes financial statements and required supplementary information for the City's Police and Firefighters (PERF) Plan, the Police and Firefighters (City) Plans, and the All Other City Employees Plans. That report may be obtained by writing to Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204.

Covered employees are required to contribute 6 percent of their compensation. The amount of the employer's contribution is determined by PERF based on a valuation using the entry age normal cost method. The rate of employer contribution is 21 percent of each employee's annual compensation. The City's contributions to the plan for the years ending December 31, 2004, 2003 and 2002 were \$15,980, \$15,238, and \$14,368, respectively, equal to the required contributions for the year.

2. Police and Firefighters (City) Plans

The City also maintains single-employer retirement plans covering police and firefighters hired on or before April 30, 1977. Retirement benefits are available after 20 years of service. State statute grants authority for these pension plans and sets the regulations covering benefits. Participants contribute 3% and the City contributes 3% (total of 6%) of base salary, defined as the salary of a first-class police officer or a first-class firefighter in 2004. As these salaries increase year by year, benefits are directly adjusted. After participant contributions and state pension relief amounts are projected, property taxes and county option income taxes are levied to provide funding for the anticipated benefit payments for the year budgeted, resulting in benefit payments funded on a "pay-as-you-go" basis. No significant plan assets are accumulated for the payment of future benefits, except as discussed below.

Indiana's deferred retirement option plan (DROP) was enacted into law in 2002 by Senate Bill 60. This law provides that beginning on January 1, 2003, an eligible employee may enter the DROP. The DROP option is available to members of the employees of the police and firefighters (City) plans who have at least 20 years of creditable service and have achieved eligibility for retirement. Those members who elect to participate will continue active employment. Those electing this provision continue to make contributions to the plan and must elect a DROP retirement date not less than twelve (12) months and not more than thirty-six (36) months after the member's DROP entry date. Furthermore, the member may not remain in the DROP after the date the member reaches any mandatory retirement age that may apply and may make a DROP election only once in the member's lifetime.

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Upon retirement, a member will receive a DROP frozen benefit to be paid in a lump-sum distribution or in three (3) equal installments commencing on the member's DROP retirement date. Under the current provisions of the law, the DROP expires December 31, 2007, and members must exit the DROP by that date.

3. All Other City Employees Plans

The City contributes to another plan administered by PERF for all other City employees, which is an agent multiple-employer retirement system that acts as a common investment and administrative agent for state employees and employees of participating political subdivisions of the State of Indiana, in accordance with Indiana Codes 5-10.2 and 5-10.3.

Except for police and firefighters, all full-time employees are eligible to participate in this plan. Benefits vest after 10 years of service. City employees who retire at or after age 65 with 10 years of credited service are entitled to an annual retirement, payable monthly for life. City employees who have reached 50 years of age and have 15 years of credited service will qualify for early retirement with reduced benefits. PERF also provides for death and disability benefits. These benefit provisions and all other requirements are established by state statute.

A contribution of 3% of each employee's annual compensation is required, which is paid by the City. In addition, the City is required to contribute amounts necessary to fund this plan, using the entry age normal cost method as specified by state statute. The City-financed pension benefits are classified as defined benefits, and the employee-financed pension benefits are classified as defined contributions and depend on the amount contributed by the employee plus accumulated investment earnings.

All assets of the plan are held by and invested by PERF. Investments are mainly in obligations of the U.S. government and federal agencies and in equity securities.

B. Funding Status and Progress

The following schedules are derived from the respective actuarial reports and City information for the four pension plans as of December 31, 2004 and, with regard to contributions for 2004, based on the January 1, 2004 actuarial report.

Census data for the three plans are as follows:

	Police and firefighters (City) (3)	Police and firefighters (PERF)	All other City employees
Retirees and beneficiaries currently receiving benefits and terminated employees not yet receiving benefits (2)	<u>1,718</u>	<u>238</u>	<u>198 (1)</u>
Current employees:			
Vested (2)	377	226	900
Nonvested (2)	—	1,339	992
Total	<u>377</u>	<u>1,565</u>	<u>1,892</u>

(1) Number does not include retirees and beneficiaries currently receiving benefits since PERF pays those benefits from a separate plan.

(2) Amounts presented are not in thousands.

(3) Census data not separately available for police and firefighters (City) plans.

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The significant actuarial assumptions used to determine the net pension obligation are summarized below:

Assumptions	Police and firefighters (City)	Police and firefighters (PERF)	All other City employees
Rate of return on present and future assets	6.75%	7.25%	7.25%
Inflation rate	5.0%	5.0%	*
Salary increase as a result of inflation (compounded annually)	5.0%	5.0%	2.0%
Salary increase as a result of seniority and/or merit adjustments (compounded annually)	0.0%	0.0%	*
Annual postretirement benefit increases following retirement for 5 years	5% for nonconverted and 3% for converted	3.0%	2.0%
Asset valuation method	N/A	smoothed basis	75% of expected actuarial value plus 25% of market value
Amortization method	level dollar	level dollar	level dollar
Amortization period	closed – 40 years	closed – 30 years	closed – 30 years

* Based on PERF experience 1995 – 2000.

The calculation of the annual pension cost and net pension obligation is as follows:

	Police (City)	Firefighters (City)	Total
Actuarial valuation date	January 1, 2004 (1)	January 1, 2004 (1)	
Annual required contribution	\$ 49,662	\$ 45,507	\$ 95,169
Interest on net pension obligation	12,000	10,510	22,510
Adjustment to annual required contribution	(20,541)	(17,689)	(38,230)
Annual pension cost	41,121	38,328	79,449
Contributions made	22,774	19,486	42,260
Increase in net pension obligation	18,347	18,842	37,189
Cumulative pension obligation-beginning of year	177,347	155,027	332,374
Net pension obligation-end of year	\$ 195,694	\$ 173,869	\$ 369,563

(1) The actuarial calculation for the plan year ending December 31, 2004 has not been performed; however, the City has estimated the liability as of December 31, 2004 based on past experience. Amounts for the 2004 plan year valuation will be trued up when the actuarial valuation is completed.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

	<u>All other City employees</u>
Actuarial valuation date	June 30, 2004
Annual required contribution	\$ 1,800
Interest on net pension obligation	(197)
Adjustment to annual required contribution	224
Annual pension cost	1,827
Contributions made	(1,183)
Decrease in net pension asset	644
Cumulative pension asset-beginning of year	(2,715)
Net pension asset-end of year	<u><u>\$ (2,071)</u></u>

C. Contribution Requirements and Contributions Made

Except for the Police and Firefighters (City) Plans, the funding policies of the PERS provide for actuarially determined periodic contributions at rates that, for individual employees, increase gradually over time so that sufficient assets will be available to pay benefits when due. The Police and Firefighter (City), the Other City Employees Plan, and the Police and Firefighters (PERF) Plan use the entry-age normal cost method to determine the contribution requirements.

	Methods and Assumptions	
	Actuarial funding method	Period to amortize unfunded actuarial accrued liability
Police and Firefighters (City) Plan	Entry Age Normal Cost	40
Police and Firefighters (PERF) Plan	Entry Age Normal Cost	30
All Other City Employees Plan	Entry Age Normal Cost	30

The present value of expected future funding to be received from the State of Indiana for pension relief contributions on the City plan for police and firefighters totaled \$319,801 as of January 1, 2004. In 2004, the State of Indiana contributed \$28,590 of pension relief to the Police and Firefighters (City) Plans.

For the year ended December 31, 2004, the City's total payroll for all employees consists of the following:

Police and Firefighters (City) Plans	\$ 22,596
Police and Firefighters (PERF) Plans	88,064
All Other City Employees Plan	75,200
Noncovered employees	4,374
Total payroll	<u><u>\$ 190,234</u></u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information for the Police and Firefighters (PERF) Plan showing PERF's progress in accumulating sufficient assets to pay benefits when due is presented in PERF's June 30, 2004 annual report.

The historical trend information for the Police and Firefighters (City) Plans and the All Other City Employees Plan is presented immediately after the notes to the basic financial statements and the budgetary schedules.

Selected trend information for the years ended December 31, 2004, 2003, 2002, and 2001 is as follows:

<u>Fiscal year ending</u>	<u>Annual pension cost</u>	<u>Percentage of APC contributed</u>	<u>Net pension obligation</u>
Police (City) Plan:			
2004	\$ 41,121	55.4 %	\$ 195,694
2003	40,346	53.9	177,347
2002	42,421	51.6	158,740
2001	42,455	50.0	138,212
Firefighters (City) Plan:			
2004	38,328	50.8	173,869
2003	36,927	52.5	155,027
2002	37,146	51.6	137,487
2001	37,336	49.7	119,513
All Other City Employees Plan:			
2004	1,827	64.8	(2,071)
2003	2,350	29.5	(2,716)
2002	504	128.6	(4,372)
2001	193	250.5	(4,228)

For the Police and Firefighters (City) Plans, the most recent actuarial valuations have been performed as of January 1, 2004 for the plan year ending December 31, 2003. The amounts for 2004 have been estimated based on historical experience. The amounts for the net pension obligation recorded in the government-wide financial statements will be trued up when the actuarial valuation for the plan year ending December 31, 2004 is available. In 2004, the amounts recorded to true up the December 31, 2003 estimated liability to the actual amount were \$429 and \$679 increase for the Police and Firefighters (City) Plans, respectively. These amounts have been included in the adjustment to annual required contribution.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

17. Postretirement Benefits

In connection with the City's purchase of the Waterworks, the City acquired an obligation for paying for postretirement healthcare and life insurance benefits ("Retiree Benefits") for certain employees and former employees of IWCR, now Veolia. As of January 1, 2004, there were 425 (not in thousands) participants currently receiving Retiree Benefits.

Prior to the purchase of the Waterworks by the City, IURC approved a rate increase so that assets could be accumulated over time to pay for the current and future costs of the Retiree Benefits. As a condition of including Retiree Benefit costs in rates on an accrual basis, the IURC required IWCR to establish a grantor trust ("Trust"). Money received from rates to pay for Retiree Benefits must be deposited into the Trust. The Trust must be disbursed to pay for the Retiree Benefits, and certain administrative expenses. The Trust is subject to the creditor's of the City. In the event that the Trust assets are no longer needed to pay for Retiree Benefits, the assets must be paid to ratepayers. At December 31, 2004 \$9,468 is held in the Trust and included in restricted assets in the accompanying statement of net assets of the Waterworks.

The information that follows on the postretirement benefit plan was obtained from the actuarial valuation of the plan for the year ended December 31, 2004.

The following table sets forth the change in the plan's accumulated postretirement benefit obligation (APBO) as of December 31, 2004:

Accumulated postretirement benefit obligation at beginning of year	\$ 40,745
Service cost	222
Interest cost	2,368
Benefits paid	(1,690)
Adjustment	(2,844)
Actuarial loss	3,199
	<u>42,000</u>
Accumulated postretirement benefit obligation at end of year	<u>\$ 42,000</u>

The change in the fair value of the plan's assets for the year ended December 31, 2004 is as follows:

Fair value of plan assets at beginning of year	\$ —
City contributions	1,690
Benefits paid	(1,690)
	<u>—</u>
Plan assets at fair value at end of year	<u>—</u>

The reconciliation between the accumulated benefit obligation at the end of the year and the net amount recognized for the statement of net assets is as follows:

Accumulated postretirement benefit obligation	\$ 42,000
Unrecognized transition obligation	(4,918)
Unrecognized net loss	(18,717)
Amount recognized as deferred charge – postretirement benefits	(23,635)
Net amount recognized	<u>\$ 18,365</u>

A discount rate of 6.00% and a pre-Medicare medical trend rate of 11.00% declining to a long-term rate of 5.00% in 2013 were used to determine the APBO at December 31, 2004.

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

Net periodic postretirement benefit costs for the year ended December 31, 2004 include the following components:

Service cost	\$ 222
Interest cost	2,368
Amortization of transition obligation	615
Loss	1,543
	<u>\$ 4,748</u>

Assumptions used in the determination of 2004 net periodic postretirement benefits costs were as follows:

Discount rate	6.00 %
Rate of increase in compensation levels	4.00
Assumed annual rate of increase in healthcare benefits	12.00
Assumed ultimate trend rate	5.00

The effect of a 1% increase in the assumed healthcare cost trend rates for each future year would increase the accumulated postretirement benefit obligation at December 31, 2004 by approximately \$5,108 and increase the aggregate of the service and interest cost components of plan costs by approximately \$336 for the year ended December 31, 2004. Amounts disclosed above could be changed significantly in the future by changes in healthcare costs, work demographics, interest rates, or plan changes.

There is a dispute between the City and Veolia regarding the scope of the City's liability for Retiree Benefits. This dispute arises from the interpretation of contract language. The City will vigorously defend its position. The above actuarial calculation was performed assuming that the City is correct in its interpretation of the contract language. The actuarial effect of Veolia's interpretation of the contract language is an increase of \$14,356 in the accumulated postretirement benefit obligation, and an \$11,072 increase in the net amount recognized in the financial statements.

18. Interfund Transactions and Balances

Funds are transferred from one fund to support expenditures of other funds in accordance with authority established for the individual fund. The composition of interfund receivable and payable balances as of December 31, 2004 is as follows:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Waterworks	\$ 733
Federal grants	General	54
Federal grants	Nonmajor governmental	65
		<u>\$ 852</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

Interfund transfers for the year ended December 31, 2004 consisted of the following:

Transfers out	Transfers in					Total
	General Fund	Federal Grants Fund	Revenue Debt Service Fund	Sanitary Capital Projects Fund	Nonmajor governmental funds	
General Fund	\$ —	\$ 9	\$ 8,274	\$ 1,200	\$ 11,636	\$ 21,119
Revenue Debt Service Fund	1,075	—	—	—	6,047	7,122
Nonmajor governmental funds	2,050	—	2,760	—	6,209	11,019
Internal Service Fund	5,200	—	—	—	—	5,200
Total transfers out	<u>\$ 8,325</u>	<u>\$ 9</u>	<u>\$ 11,034</u>	<u>\$ 1,200</u>	<u>\$ 23,892</u>	<u>\$ 44,460</u>

Interfund transfers were used to (1) move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them or (2) use unrestricted revenues collected in the general fund to finance capital improvements and other funds in accordance with budgetary authorization.

19. Explanation of Certain Difference Between Governmental Fund Financial Statements and the Government-wide Financial Statements

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities—both current and long-term—are reported in the statement of net assets.

Balances at December 31, 2004 were as follows:

Bonds and notes payable	\$ 992,852
Deferred premiums, net of discounts	5,173
Deferred amount from refunding	(3,870)
Amounts recorded as matured bonds payable at December 31, 2004	(27,754)
Capital leases payable	2,914
Net pension obligation	369,563
Compensated absences	20,304
Settlements payable	<u>2,118</u>
Combined adjustment	<u>\$ 1,361,300</u>

CITY OF INDIANAPOLIS
Notes to Financial Statements
December 31, 2004
(In thousands)

Proceeds from issuance of debt is reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net assets.

Debt issued:

Refunding tax increment bonds	\$ 58,785
Revenue bonds	84,516
Notes payable	7,915
Discount on bonds and notes issued	(395)
Combined adjustment	<u>\$ 150,821</u>

Repayments:

Bond principal	\$ 48,809
Bond refunding	28,585
Notes payable	37,457
Combined adjustment	<u>\$ 114,851</u>

20. Deficit Fund Balances and Net Assets

The Flood Control Debt Service Fund had a negative fund balance of \$4 at December 31, 2004. The negative fund balance will be covered by additional transfers from the Stormwater subfund of the General Fund.

The Waterworks Enterprise Fund had a negative net asset balance of \$7,597 at December 31, 2004. The purchase of the Waterworks was funded with bond proceeds. In future reporting periods, as water sales revenues continue to grow and debt service requirements decrease, the negative net asset balance will be eliminated.

21. Subsequent Events

On February 3, 2005, the Indianapolis Local Public Improvement Bond Bank issued Taxable Bond Bank Bonds, Series 2005A. The proceeds from these bonds were used to purchase the City of Indianapolis, Indiana Taxable General Obligation Pension Bonds of 2005, Series A in the amount of \$100,000. Proceeds from the sales of these bonds will be used to fund a Pension Stabilization Account. These funds will be applied to the unfunded costs of police and fire pension obligations that have been incurred through the Pre-1977 Pension Plan. The bonds will fully mature on January 15, 2022.

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Required
Supplementary Information

CITY OF INDIANAPOLIS
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2004
(In Thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	Variance with final budget – positive (negative)
Revenues:				
Taxes	\$ 194,239	\$ 188,874	\$ 187,461	\$ (1,413)
Licenses and permits	8,267	8,267	7,536	(731)
Charges for services	108,230	108,348	105,719	(2,629)
Intergovernmental revenues	44,687	46,197	43,627	(2,570)
Traffic violations and court fees	2,194	2,194	2,487	293
Intragovernmental revenues	2,071	2,071	1,175	(896)
Interest and other operating revenues	4,145	5,270	8,567	3,297
Total revenues	<u>363,833</u>	<u>361,221</u>	<u>356,572</u>	<u>(4,649)</u>
Expenditures:				
Current:				
General government	25,590	28,049	27,199	850
Public safety	168,936	173,781	171,549	2,232
Public works	117,191	117,926	115,134	2,792
Health and welfare	4,249	4,255	3,858	397
Cultural and recreation	26,715	27,060	26,505	555
Urban redevelopment and housing	6,534	5,951	5,385	566
Economic development and assistance	1,562	3,716	3,733	(17)
Capital outlays	20,159	23,014	19,736	3,278
Total expenditures	<u>370,936</u>	<u>383,752</u>	<u>373,099</u>	<u>10,653</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,103)</u>	<u>(22,531)</u>	<u>(16,527)</u>	<u>6,004</u>
Other financing sources and (uses):				
Sale and lease of property	1,005	523	539	16
Transfers in (out)	(21,911)	(21,912)	(12,816)	9,096
Total other financing sources and (uses)	<u>(20,906)</u>	<u>(21,389)</u>	<u>(12,277)</u>	<u>9,112</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(28,009)</u>	<u>(43,920)</u>	<u>(28,804)</u>	<u>15,116</u>
Unreserved fund balance at beginning of year	117,088	104,009	141,633	37,624
Cancellation of purchase orders and other	—	28,991	42,412	13,421
Unreserved fund balance at end of year	<u>\$ 89,079</u>	<u>\$ 89,080</u>	<u>\$ 121,858</u>	<u>\$ 66,161</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis (Required Supplementary Information)
Year ended December 31, 2004
(In Thousands)

	<u>Original budget</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget – positive (negative)</u>
Revenues:				
Intergovernmental revenues	\$ 32,563	\$ 39,734	\$ 20,131	\$ (19,603)
Traffic violations and court fees	600	600	648	48
Interest and other operating revenues	—	65	71	6
Total revenues	<u>33,163</u>	<u>40,399</u>	<u>20,850</u>	<u>(19,549)</u>
Expenditures:				
Current:				
General government	27	27	26	1
Public safety	5,508	6,395	5,853	542
Health and welfare	1,494	1,174	1,133	41
Cultural and recreation	30	385	358	27
Urban redevelopment and housing	21,865	28,409	25,734	2,675
Economic development and assistance	2,106	1,879	1,430	449
Capital outlays	2,076	2,982	1,995	987
Total expenditures	<u>33,106</u>	<u>41,251</u>	<u>36,529</u>	<u>4,722</u>
Excess (deficiency) of revenues over (under) expenditures	<u>57</u>	<u>(852)</u>	<u>(15,679)</u>	<u>(14,827)</u>
Unreserved fund balance at beginning of year	4,722	997	851	(146)
Cancellation of purchase orders and other	—	184	14,941	14,757
Unreserved fund balance at end of year	<u>\$ 4,779</u>	<u>\$ 329</u>	<u>\$ 113</u>	<u>\$ (216)</u>

See notes to required supplementary information.

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedule of Funding Progress
(In Thousands)

<u>Asset valuation date</u>	<u>Actuarial value of assets</u>	<u>Actuarial accrued liability (AAL) entry age</u>	<u>Unfunded (overfunded) AAL (UAAL)</u>	<u>Funded ratio</u>	<u>Covered payroll</u>	<u>UAAL as a percentage of covered payroll</u>
Police (City) Plan						
1/1/2004	\$ —	\$ 422,051	\$ 422,051	—	\$ 8,540	
1/1/2003	—	411,376	411,376	—	11,348	
1/1/2002	—	438,968	438,968	—	10,893	
1/1/2001	—	443,603	443,603	—	9,279	
1/1/2000	—	443,315	443,315	—	10,285	
1/1/1999	—	443,164	443,164	—	11,786	
1/1/1998	—	480,053	480,053	—	12,791	
Firefighters (City) Plan						
1/1/2004	—	375,302	375,302	—	9,650	
1/1/2003	—	351,702	351,702	—	11,442	
1/1/2002	—	378,485	378,485	—	11,121	
1/1/2001	—	385,318	385,318	—	9,895	
1/1/2000	—	387,700	387,700	—	10,370	
1/1/1999	—	385,485	385,485	—	11,496	
1/1/1998	—	413,366	413,366	—	11,984	
All Other City Employees (PERF) Plan*						
7/1/2004	96,445	82,593	13,852	117 %	71,872	19 %
7/1/2003	98,079	81,047	(17,032)	121	68,430	25
7/1/2002	100,689	88,878	(11,811)	113	63,778	19

* Information required for only most recent actuarial valuation and the two preceding valuations

CITY OF INDIANAPOLIS
Required Pension Supplementary Information
Schedule of Employer Contributions
(In Thousands)

		<u>Police and Firefighters (PERF) *</u>				<u>All Other City Employees (PERF) *</u>		
		<u>Annual</u>	<u>Percentage</u>			<u>Annual</u>	<u>Percentage</u>	
	<u>Plan year ended 6/30</u>	<u>required</u>	<u>contribution</u>	<u>contributed</u>		<u>required</u>	<u>contribution</u>	<u>contributed</u>
2004	\$	16,438	100	%	\$	1,183	66	%
2003		15,238	100			2,306	30	
2002		14,638	100			477	136	
2001		11,916	100			173	536	
2000		12,824	100			140	1,128	

		<u>Police (City) *</u>				<u>Firefighters (City) *</u>		
		<u>Annual</u>	<u>Percentage</u>			<u>Annual</u>	<u>Percentage</u>	
	<u>Plan year ended December 31</u>	<u>required</u>	<u>contribution</u>	<u>contributed</u>		<u>required</u>	<u>contribution</u>	<u>contributed</u>
2004	\$	N/A	N/A	%	\$	N/A	N/A	%
2003		47,138	54			40,661	56	
2002		47,411	46			42,037	46	
2001		46,738	45			41,025	45	
2000		45,534	45			40,140	45	
1999		44,632	43			39,099	45	

N/A – information not available.

* Information not available prior to first year presented.

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2004
(In thousands)

1. Budgets and Budgetary Accounting

- A) The City is required by state statute and Council ordinance to adopt annual budgets for all subfunds of the General Fund; most Special Revenue Funds; all Debt Service Funds; the City Cumulative Capital Development and the County Cumulative Capital Development Capital Projects Funds, and the Police Pension and Fire Pension Trust Funds to the object level of control. These budgets require City-County Council approval and are prepared for each departmental division and approved at the five object levels of expenditure (personal services, supplies, other services and charges, capital outlay, and internal charges). In addition, control is achieved for other capital projects funds by the original bond resolutions that are required by state statute to be approved by the City-County Council for all bond issues for taxing units within the consolidated City. These originating bond resolutions serve as the basis for the appropriations for capital projects. These appropriations do not lapse at year-end. All other City sources of finance for capital projects are required to be appropriated within the providing City budgetary fund. Control over spending from funds which are not subject to the City-County Council appropriation process is accomplished by the requirement that all disbursements of such funds be made only to a budgeted fund.

The City-County Council may amend appropriations by transferring unencumbered appropriations from one object to another within the same fund, and may also make additional appropriations to the extent of unappropriated fund balances. Transfers of appropriations from one line item to another within the object level of control may be approved by City management. During the year, for the General Fund and the Federal Grants Special Revenue Fund, the following supplementary appropriations were properly approved:

	General Fund	Federal Grants Special Revenue Fund
Original appropriations	\$ 370,936	\$ 33,106
Revisions	12,816	8,145
Revised appropriations	<u>\$ 383,752</u>	<u>\$ 41,251</u>

The budget information disclosed includes the budget ordinances as amended. Internal charges are recorded as expenditures in one fund and negative expenditures in the receiving fund. Budgeted disbursements may exceed estimated revenues as appropriations contemplate the utilization of beginning fund balances. Except for Capital Projects Funds (excluding Cumulative Capital Development Funds) and certain Special Revenue Funds, unencumbered appropriations lapse with the expiration of the budgetary period. All budgets are prepared on the cash basis of accounting.

- B) The City's procedures in establishing the budget are as follows:
- 1) Prior to July 1, the Department Directors, in conjunction with the Mayor's staff and the City Controller, develop budgets for the subsequent calendar year for the individual divisions within their respective departments.
 - 2) In July, the City Controller prepares the budget ordinances, which are introduced by the Mayor to the City-County Council at the first August Council meeting. In developing these budgets, the City Controller adds the June 30 cash and investment balances to estimated revenues to be received and expenditures to be incurred July 1 through December 31 in arriving at a December 31 "projected budgetary fund balance." The projected budgetary fund balance and estimated revenues for the ensuing year are reduced by that year's budgeted expenditures in developing the amount to be funded from ad valorem property taxes, to the extent of the maximum levy. By using this procedure, any actual results favorable or unfavorable to those estimated for any year are incorporated into the subsequent year's budget.
 - 3) The Council assigns the introduced budgets to the appropriate Council Committees. In August and September, each Council Committee holds public hearings on the budget of the department or division for which it is responsible.

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2004
(In thousands)

- 4) Before Council budget ordinances are approved by the Council, they are advertised by the Controller twice in a local newspaper prior to the last Council meeting in September. The Council may not pass a budget above the level advertised. The Mayor may veto separate items of an approved budget ordinance, but the Council may override a veto by a two-thirds vote.
 - 5) The Indiana Department of Local Government Finance makes the final review of the budget. It can revise, reduce, or restore on appeal budgets, levies, and tax rates removed by the City-County Council. Except for Debt Service Funds, the Indiana Department of Local Government Finance may not increase a budget, levy, or tax rate above the level originally advertised. If the budgets seek to exceed the tax limits of the state control laws, an excess levy may be granted if the excess levy meets state law requirements, and is approved by the Indiana Department of Local Government Finance. The Indiana Department of Local Government Finance is required to certify the budgets, levies, and rates by January 15.
 - 6) The City's maximum permissible annual ad valorem property tax levy is restricted by Indiana law, with certain adjustments and exceptions, to the prior year's maximum permissible ad valorem property tax levy adjusted by the greater of:
 - (1) 5%; or
 - (2) The three-year average increase in assessed value of all taxable property, to a maximum of 10%.
- C) Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Pension Trust Funds. Encumbrances do not lapse with the expiration of the budget period. Encumbrances to be financed from future revenues other than approved grant revenues are recorded in their entirety as a reservation of fund balance since they do not constitute expenditures.

CITY OF INDIANAPOLIS
Notes to Required Supplementary Information
December 31, 2004
(In thousands)

2. Budget/GAAP Reporting Differences

Adjustments necessary to convert the results of 2004 operations from a budgetary basis to a GAAP basis are as follows:

	General Fund	Federal Grants Special Revenue Fund
Revenues over (under) expenditures and other financing sources and (uses) (budgetary basis)	\$ (28,804)	\$ (15,679)
Adjustments:		
Accrued revenues	67,667	8,895
Accrued expenditures	(50,539)	941
Nonbudgeted activity (net)	—	(517)
Transfers, net	22	9
Encumbrances	22,857	12,640
Expenditures from prior year encumbrances	(24,409)	(6,536)
Net change in fund balances (GAAP basis)	<u>\$ (13,206)</u>	<u>\$ (247)</u>

3. Copy of Pension Plan's Report

The Public Employees' Retirement Fund of Indiana ("PERF") issues a publicly available financial report that includes financial statements and required supplementary information for the City's Police and Firefighters (PERF) Plan, the Police and Firefighters (City) Plans, and the All Other City Employees Plans. That report may be obtained by writing to Public Employees' Retirement Fund, Harrison Building, Room 800, 143 West Market Street, Indianapolis, IN 46204.

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Additional Supplementary Information

CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Governmental Funds by Fund Type
December 31, 2004
(In Thousands)

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Debt Service</u>	<u>Nonmajor Capital Projects</u>	<u>Nonmajor Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS					
Equity in pooled cash	\$ 297	\$ 581	\$ 909	\$ —	\$ 1,787
Cash and investments with fiscal agents	—	26,185	19,951	339	46,475
Investments	3,091	15,850	24,875	—	43,816
Accrued interest receivable	20	102	93	—	215
Property taxes receivable	—	751	475	—	1,226
Accounts receivable	53	3,361	1,108	—	4,522
Due from federal and state governments	278	—	—	—	278
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 3,739	\$ 46,830	\$ 47,411	\$ 339	\$ 98,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Matured bonds payable	\$ —	\$ 19,964	\$ —	\$ —	\$ 19,964
Matured interest payable	—	6,611	—	—	6,611
Accounts payable and other accrued liabilities	386	124	2,865	—	3,375
Accrued payroll and payroll taxes	4	—	—	—	4
Due to other funds	—	—	65	—	65
Deferred revenue	450	3,830	588	—	4,868
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	840	30,529	3,518	—	34,887
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund balances:					
Reserved for encumbrances	784	—	11,347	—	12,131
Reserved for debt service	—	16,301	—	—	16,301
Unreserved	2,115	—	32,546	339	35,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	2,899	16,301	43,893	339	63,432
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	\$ 3,739	\$ 46,830	\$ 47,411	\$ 339	\$ 98,319
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds by Fund Type
Year ended December 31, 2004
(In Thousands)

	Nonmajor Special Revenue	Nonmajor Debt Service	Nonmajor Capital Projects	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ —	\$ 25,341	\$ 14,609	\$ —	\$ 39,950
Charges for services	2,468	—	—	—	2,468
Intergovernmental revenues	492	—	5,144	—	5,636
Traffic violations and court fees	1,539	—	—	—	1,539
Interest and other operating revenues	113	3,686	685	18	4,502
	<u>4,612</u>	<u>29,027</u>	<u>20,438</u>	<u>18</u>	<u>54,095</u>
Total revenues					
Expenditures:					
Current:					
General government	163	—	—	—	163
Public safety	408	—	—	—	408
Public works	788	—	—	—	788
Health and welfare	3	—	—	—	3
Cultural and recreation	21	—	—	—	21
Economic development and assistance	428	—	—	—	428
Debt service:					
Redemption of bonds and notes	13	20,451	15,234	—	35,698
Interest on bonds and notes	6	13,101	789	—	13,896
Bond and note issuance costs	—	—	2,715	—	2,715
Operating lease payments and administration	—	17,487	—	—	17,487
Capital outlays	1,006	—	79,230	—	80,236
	<u>2,836</u>	<u>51,039</u>	<u>97,968</u>	<u>—</u>	<u>151,843</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>1,776</u>	<u>(22,012)</u>	<u>(77,530)</u>	<u>18</u>	<u>(97,748)</u>
Other financing sources and (uses):					
Bonds and notes issued	—	—	67,399	—	67,399
Discount on bonds and notes issued	—	—	(395)	—	(395)
Sale of capital assets	—	—	23	—	23
Transfers in	—	17,786	6,106	—	23,892
Transfers out	(2,050)	(59)	(8,910)	—	(11,019)
	<u>(2,050)</u>	<u>17,727</u>	<u>64,223</u>	<u>—</u>	<u>79,900</u>
Total other financing sources and (uses)					
Net change in fund balances	(274)	(4,285)	(13,307)	18	(17,848)
Fund balances at beginning of year	3,173	20,586	57,200	321	81,280
Fund balances at end of year	<u>\$ 2,899</u>	<u>\$ 16,301</u>	<u>\$ 43,893</u>	<u>\$ 339</u>	<u>\$ 63,432</u>

General Fund

The General Fund is used to account for all financial resources of the City of Indianapolis except those required to be accounted for in another fund. Thus, all general operating revenues which are not restricted as to use by sources outside of the City are recorded in the General Fund. Further, as required by statute, the financial resources of the General Fund are accounted for in a series of sub-funds as follows:

Consolidated County -	to account for all financial resources for which the taxpayer base is county-wide
Redevelopment -	to account for all financial resources of the Redevelopment special taxing district for economic development activities
Solid Waste Collection -	to account for all financial resources of the Solid Waste Collection special service district for refuse collection services
Solid Waste Disposal -	to account for all financial resources of the Solid Waste Disposal special service district for refuse disposal services
Sanitation -	to account for all financial resources of the Sanitation special taxing district for liquid waste services
Maintenance Operation -	to account for the financial resources required to perform various maintenance functions by the Department of Public Works
Transportation -	to account for all financial resources of the Metropolitan Thoroughfare special taxing district
Police -	to account for all financial resources of the Police special service district
Fire -	to account for all financial resources of the Fire special service district
Park -	to account for all financial resources of the Park special taxing district
Storm Water Management -	to account for all financial resources for storm water drainage services

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CITY OF INDIANAPOLIS
Schedule of Sub-Fund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2004
(In Thousands)

	General Fund Total	Consolidated County	Redevelop- ment	Solid Waste		Sanitation	Maintenance Operation
				Collection	Disposal		
ASSETS							
Equity in pooled cash	\$ 5,474	\$ 1,574	\$ 187	\$ 414	\$ 181	\$ 1,806	\$ 8
Cash and investments with fiscal agents	9,003	—	6	—	8,500	—	497
Investments	148,924	42,878	5,121	11,307	4,917	49,179	212
Accrued interest receivable	579	159	17	45	5	236	—
Property taxes receivable	5,248	744	283	868	—	—	—
Accounts receivable	46,767	4,221	4,888	212	1,560	12,832	—
Allowance for estimated uncollectibles – accounts receivable	(4,044)	—	—	—	(225)	(1,733)	—
Due from other funds	733	—	—	—	—	733	—
Due from federal and state governments	993	372	—	14	—	6	10
Total assets	<u>\$ 213,677</u>	<u>\$ 49,948</u>	<u>\$ 10,502</u>	<u>\$ 12,860</u>	<u>\$ 14,938</u>	<u>\$ 63,059</u>	<u>\$ 727</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable and other accrued liabilities	\$ 16,584	\$ 4,639	\$ 1,532	\$ 1,851	\$ 1,381	\$ 1,893	\$ 70
Accrued payroll and payroll taxes	14,076	9,104	10	114	—	37	15
Due to other funds	54	—	—	—	—	—	—
Deferred revenue	17,094	3,020	287	1,092	1,335	3,071	10
Total liabilities	<u>47,808</u>	<u>16,763</u>	<u>1,829</u>	<u>3,057</u>	<u>2,716</u>	<u>5,001</u>	<u>95</u>
Fund balances:							
Reserved for encumbrances	13,330	2,480	810	361	257	2,706	52
Unreserved	152,539	30,705	7,863	9,442	11,965	55,352	580
Total fund balance	<u>165,869</u>	<u>33,185</u>	<u>8,673</u>	<u>9,803</u>	<u>12,222</u>	<u>58,058</u>	<u>632</u>
Total liabilities and fund balances	<u>\$ 213,677</u>	<u>\$ 49,948</u>	<u>\$ 10,502</u>	<u>\$ 12,860</u>	<u>\$ 14,938</u>	<u>\$ 63,059</u>	<u>\$ 727</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Assets, Liabilities, and Fund Balance – General Fund
December 31, 2004
(In Thousands)

	<u>Transportation</u>	<u>Police</u>	<u>Fire</u>	<u>Park</u>	<u>Storm Water Management</u>
ASSETS					
Equity in pooled cash	\$ 588	\$ 128	\$ 66	\$ 225	\$ 297
Cash and investments with fiscal agents	—	—	—	—	—
Investments	16,302	3,477	1,789	5,543	8,199
Accrued interest receivable	62	1	—	27	27
Property taxes receivable	—	1,480	1,223	650	—
Accounts receivable	6,630	8,789	3,419	278	3,938
Allowance for estimated uncollectibles – accounts receivable	—	—	—	—	(2,086)
Due from other funds	—	—	—	—	—
Due from federal and state governments	532	18	24	17	—
	<u>532</u>	<u>18</u>	<u>24</u>	<u>17</u>	<u>—</u>
Total assets	<u>\$ 24,114</u>	<u>13,893</u>	<u>\$ 6,521</u>	<u>\$ 6,740</u>	<u>\$ 10,375</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 3,288	\$ 224	\$ 268	\$ 1,298	\$ 140
Accrued payroll and payroll taxes	263	2,717	1,551	232	33
Due to other funds	—	—	—	54	—
Deferred revenue	621	2,628	1,748	2,489	793
	<u>621</u>	<u>2,628</u>	<u>1,748</u>	<u>2,489</u>	<u>793</u>
Total liabilities	<u>4,172</u>	<u>5,569</u>	<u>3,567</u>	<u>4,073</u>	<u>966</u>
Fund balance:					
Reserved for encumbrances	4,605	12	391	1,341	315
Unreserved	15,337	8,312	2,563	1,326	9,094
	<u>15,337</u>	<u>8,312</u>	<u>2,563</u>	<u>1,326</u>	<u>9,094</u>
Total fund balance	<u>19,942</u>	<u>8,324</u>	<u>2,954</u>	<u>2,667</u>	<u>9,409</u>
Total liabilities and fund balance	<u>\$ 24,114</u>	<u>13,893</u>	<u>\$ 6,521</u>	<u>\$ 6,740</u>	<u>\$ 10,375</u>

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2004
(In Thousands)

	General Fund Total	Intrafund eliminations	Consolidated County	Redevelop- ment	Solid Waste		Sanitation	Maintenance Operation
					Collection	Disposal		
Revenues:								
Taxes	\$ 211,672	\$ —	\$ 24,468	\$ 1,396	\$ 26,667	\$ —	\$ —	\$ —
Licenses and permits	7,564	—	7,424	—	—	—	43	—
Charges for services	108,307	—	11,154	44	135	9,049	68,360	—
Other intergovernmental revenues:								
Federal revenues	2,604	—	614	—	—	—	9	—
State revenues	75,427	—	4,203	4,885	—	—	11	—
Other revenues	2,444	—	29	—	—	—	—	—
Intragovernmental revenue	1,922	—	1,922	—	—	—	—	—
Traffic violations and court fees	2,717	—	560	—	290	—	—	—
Interest and other operating revenues	11,637	—	1,148	1,603	276	186	711	120
Total revenues	<u>424,294</u>	<u>—</u>	<u>51,522</u>	<u>7,928</u>	<u>27,368</u>	<u>9,235</u>	<u>69,134</u>	<u>120</u>
Expenditures:								
Current:								
General government	25,355	—	25,355	—	—	—	—	—
Public safety	223,149	—	23,004	—	3,014	—	—	—
Public works	114,216	—	2,491	—	22,710	11,156	45,630	—
Health and welfare	3,425	—	1,869	—	445	—	1,063	—
Cultural and recreation	26,078	—	1,625	—	—	—	—	—
Urban redevelopment and housing	5,447	—	3,695	1,232	150	—	—	—
Economic development and assistance	3,082	—	1,622	1,460	—	—	—	—
Debt service:								
Redemption of bonds and notes	2,808	—	301	—	1,279	—	—	—
Interest on bonds and notes	1,699	—	20	266	100	—	—	—
Capital outlay	19,931	—	501	327	265	—	972	12
Total expenditures	<u>425,190</u>	<u>—</u>	<u>60,483</u>	<u>3,285</u>	<u>27,963</u>	<u>11,156</u>	<u>47,665</u>	<u>12</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(896)</u>	<u>—</u>	<u>(8,961)</u>	<u>4,643</u>	<u>(595)</u>	<u>(1,921)</u>	<u>21,469</u>	<u>108</u>
Other financing sources and (uses):								
Sale of capital assets	484	—	74	215	85	—	26	—
Transfers in	8,325	(12,001)	5,472	—	—	3,000	194	—
Transfers out	(21,119)	12,001	—	(8)	(3,000)	—	(24,474)	—
Total other financing sources and (uses)	<u>(12,310)</u>	<u>—</u>	<u>5,546</u>	<u>207</u>	<u>(2,915)</u>	<u>3,000</u>	<u>(24,254)</u>	<u>—</u>
Net change in fund balance	<u>(13,206)</u>	<u>—</u>	<u>(3,415)</u>	<u>4,850</u>	<u>(3,510)</u>	<u>1,079</u>	<u>(2,785)</u>	<u>108</u>
Fund balance at beginning of year	<u>179,075</u>	<u>—</u>	<u>36,600</u>	<u>3,823</u>	<u>13,313</u>	<u>11,143</u>	<u>60,843</u>	<u>524</u>
Fund balance at end of year	<u>\$ 165,869</u>	<u>\$ —</u>	<u>\$ 33,185</u>	<u>\$ 8,673</u>	<u>\$ 9,803</u>	<u>\$ 12,222</u>	<u>\$ 58,058</u>	<u>\$ 632</u>

(Continued)

CITY OF INDIANAPOLIS
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance – General Fund
Year ended December 31, 2004
(In Thousands)

	<u>Transportation</u>	<u>Police</u>	<u>Fire</u>	<u>Park</u>	<u>Storm Water Management</u>
Revenues:					
Taxes	\$ 8,741	\$ 77,962	\$ 53,165	\$ 19,273	\$ —
Licenses and permits	—	89	8	—	—
Charges for services	725	1,846	540	4,194	12,260
Other intergovernmental revenues:					
Federal revenues	1,692	100	75	114	—
State revenues	33,173	19,520	13,635	—	—
Other revenues	—	1,735	680	—	—
Intragovernmental revenue	—	—	—	—	—
Traffic violations and court fees	—	1,866	—	1	—
Interest and other operating revenues	391	852	—	6,304	46
Total revenues	<u>44,722</u>	<u>103,970</u>	<u>68,103</u>	<u>29,886</u>	<u>12,306</u>
Expenditures:					
Current:					
General government	—	—	—	—	—
Public safety	—	118,009	77,530	—	1,592
Public works	30,465	—	—	—	1,764
Health and welfare	46	—	2	—	—
Cultural and recreation	1,334	—	—	23,119	—
Urban redevelopment and housing	370	—	—	—	—
Economic development and assistance	—	—	—	—	—
Debt service:					
Redemption of bonds and notes	855	7	—	366	—
Interest on bonds and notes	960	178	86	89	—
Capital outlay	10,529	467	632	6,223	3
Total expenditures	<u>44,559</u>	<u>118,661</u>	<u>78,250</u>	<u>29,797</u>	<u>3,359</u>
Excess (deficiency) of revenues over (under) expenditures	<u>163</u>	<u>(14,691)</u>	<u>(10,147)</u>	<u>89</u>	<u>8,947</u>
Other financing sources and (uses):					
Sale of capital assets	36	8	31	9	—
Transfers in	880	7,150	3,600	30	—
Transfers out	(120)	(2)	—	(906)	(4,610)
Total other financing sources and (uses)	<u>796</u>	<u>7,156</u>	<u>3,631</u>	<u>(867)</u>	<u>(4,610)</u>
Net change in fund balance	959	(7,535)	(6,516)	(778)	4,337
Fund balance at beginning of year	18,983	15,859	9,470	3,445	5,072
Fund balance at end of year	<u>\$ 19,942</u>	<u>\$ 8,324</u>	<u>\$ 2,954</u>	<u>\$ 2,667</u>	<u>\$ 9,409</u>

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Total General Fund		Consolidated County		Redevelopment		Solid Waste Collection	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Taxes	\$ 188,874	\$ 187,461	\$ 23,580	\$ 24,468	\$ 733	\$ 1,396	\$ 27,161	\$ 26,667
Licenses and permits	8,267	7,536	8,120	7,411	—	—	—	—
Charges for services	108,348	105,719	10,279	11,095	11	44	133	133
Other intergovernmental revenues:								
Federal revenues	632	593	522	333	—	—	110	—
State revenues	43,578	41,230	4,233	4,120	—	—	—	—
Other revenues	1,987	1,804	60	60	—	—	—	—
Traffic violations and court fees	2,194	2,487	439	559	—	—	285	290
Intragovernmental revenues	2,071	1,175	2,071	1,175	—	—	—	—
Interest and other operating revenues	5,270	8,567	1,064	2,567	411	1,653	510	423
Total revenues	<u>361,221</u>	<u>356,572</u>	<u>50,368</u>	<u>51,788</u>	<u>1,155</u>	<u>3,093</u>	<u>28,199</u>	<u>27,513</u>
Expenditures:								
Current:								
General government	28,049	27,199	28,049	27,199	—	—	—	—
Public safety	173,781	171,549	24,011	23,131	—	—	3,397	3,011
Public works	117,926	115,134	2,556	2,546	—	—	24,128	23,151
Health and welfare	4,255	3,858	2,333	2,130	—	—	511	446
Cultural and recreation	27,060	26,505	1,625	1,625	—	—	—	—
Urban redevelopment and housing	5,951	5,385	3,913	3,740	1,588	1,244	147	113
Economic development and assistance	3,716	3,733	1,566	1,583	2,150	2,150	—	—
Capital outlays	23,014	19,736	1,176	736	374	367	1,882	1,739
Total expenditures	<u>383,752</u>	<u>373,099</u>	<u>65,229</u>	<u>62,690</u>	<u>4,112</u>	<u>3,761</u>	<u>30,065</u>	<u>28,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,531)</u>	<u>(16,527)</u>	<u>(14,861)</u>	<u>(10,902)</u>	<u>(2,957)</u>	<u>(668)</u>	<u>(1,866)</u>	<u>(947)</u>
Other financing sources and (uses):								
Sale of capital assets	523	539	—	74	340	215	—	85
Transfers in (out)	(21,912)	(12,816)	270	5,471	—	—	(3,000)	(3,000)
Total other financing sources and (uses)	<u>(21,389)</u>	<u>(12,277)</u>	<u>270</u>	<u>5,545</u>	<u>340</u>	<u>215</u>	<u>(3,000)</u>	<u>(2,915)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(43,920)</u>	<u>(28,804)</u>	<u>(14,591)</u>	<u>(5,357)</u>	<u>(2,617)</u>	<u>(453)</u>	<u>(4,866)</u>	<u>(3,862)</u>
Unreserved fund balance at beginning of year	104,009	141,633	15,668	33,421	2,393	3,753	7,920	12,876
Cancellation of purchase orders and other	28,991	42,412	12,583	37,100	2,167	897	4,306	253
Unreserved fund balance at end of year	<u>\$ 89,080</u>	<u>\$ 121,858</u>	<u>\$ 13,660</u>	<u>\$ 31,781</u>	<u>\$ 1,943</u>	<u>\$ 4,197</u>	<u>\$ 7,360</u>	<u>\$ 9,267</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Solid Waste Disposal		Sanitation		Maintenance Operation	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Licenses and permits	—	—	92	43	—	—
Charges for services	8,263	9,049	70,655	66,805	—	—
Other intergovernmental revenues:						
Federal revenues	—	—	—	—	—	—
State revenues	—	—	—	—	—	—
Other revenues	—	—	—	—	—	—
Traffic violations and court fees	—	—	20	—	—	—
Intragovernmental revenues	—	—	—	—	—	—
Interest and other operating revenues	170	254	1,190	1,252	—	47
Total revenues	<u>8,433</u>	<u>9,303</u>	<u>71,957</u>	<u>68,100</u>	<u>—</u>	<u>47</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	—	—	—	—	—	—
Public works	11,564	10,762	46,065	45,643	(24)	(14)
Health and welfare	—	—	1,369	1,240	—	—
Cultural and recreation	—	—	—	—	—	—
Urban redevelopment and housing	—	—	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	—	—	1,379	1,372	24	12
Total expenditures	<u>11,564</u>	<u>10,762</u>	<u>48,813</u>	<u>48,255</u>	<u>—</u>	<u>(2)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,131)</u>	<u>(1,459)</u>	<u>23,144</u>	<u>19,845</u>	<u>—</u>	<u>49</u>
Other financing sources and (uses):						
Sale of capital assets	—	—	—	31	—	—
Transfers in (out)	3,000	3,000	(27,122)	(24,280)	—	—
Total other financing sources and (uses)	<u>3,000</u>	<u>3,000</u>	<u>(27,122)</u>	<u>(24,249)</u>	<u>—</u>	<u>—</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(131)</u>	<u>1,541</u>	<u>(3,978)</u>	<u>(4,404)</u>	<u>—</u>	<u>49</u>
Unreserved fund balance at beginning of year	1,095	2,267	42,494	48,695	70	38
Cancellation of purchase orders and other	692	(368)	1,491	2,484	(44)	15
Unreserved fund balance at end of year	<u>\$ 1,656</u>	<u>\$ 3,440</u>	<u>\$ 40,007</u>	<u>\$ 46,775</u>	<u>\$ 26</u>	<u>\$ 102</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Transportation		Police		Fire	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 9,000	\$ 8,754	\$ 64,385	\$ 63,516	\$ 44,307	\$ 43,387
Licenses and permits	—	—	55	74	—	8
Charges for services	640	374	2,438	2,120	656	540
Other intergovernmental revenues:						
Federal revenues	—	124	—	22	—	4
State revenues	35,695	33,188	3,650	3,542	—	380
Other revenues	—	—	1,560	1,252	367	492
Traffic violations and court fees	—	—	1,450	1,637	—	—
Intragovernmental revenues	—	—	—	—	—	—
Interest and other operating revenues	975	558	142	996	78	38
Total revenues	<u>46,310</u>	<u>42,998</u>	<u>73,680</u>	<u>73,159</u>	<u>45,408</u>	<u>44,849</u>
Expenditures:						
Current:						
General government	—	—	—	—	—	—
Public safety	—	—	89,517	89,215	55,100	54,454
Public works	31,604	31,024	—	—	—	—
Health and welfare	40	40	—	—	2	2
Cultural and recreation	1,338	1,328	—	—	—	—
Urban redevelopment and housing	303	288	—	—	—	—
Economic development and assistance	—	—	—	—	—	—
Capital outlays	12,250	12,056	684	423	635	499
Total expenditures	<u>45,535</u>	<u>44,736</u>	<u>90,201</u>	<u>89,638</u>	<u>55,737</u>	<u>54,955</u>
Excess (deficiency) of revenues over (under) expenditures	<u>775</u>	<u>(1,738)</u>	<u>(16,521)</u>	<u>(16,479)</u>	<u>(10,329)</u>	<u>(10,106)</u>
Other financing sources and (uses):						
Sale of capital assets	14	63	1	8	—	31
Transfers in (out)	—	760	7,150	7,149	3,600	3,600
Total other financing sources and (uses)	<u>14</u>	<u>823</u>	<u>7,151</u>	<u>7,157</u>	<u>3,600</u>	<u>3,631</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>789</u>	<u>(915)</u>	<u>(9,370)</u>	<u>(9,322)</u>	<u>(6,729)</u>	<u>(6,475)</u>
Unreserved fund balance at beginning of year	12,701	9,853	7,848	12,565	5,645	7,534
Cancellation of purchase orders and other	<u>(3,400)</u>	<u>711</u>	<u>4,415</u>	<u>854</u>	<u>2,712</u>	<u>229</u>
Unreserved fund balance at end of year	<u>\$ 10,090</u>	<u>\$ 9,649</u>	<u>\$ 2,893</u>	<u>\$ 4,097</u>	<u>\$ 1,628</u>	<u>\$ 1,288</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Sub-Fund Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Park		Storm Water Management	
	Final budget	Actual	Final budget	Actual
Revenues:				
Taxes	\$ 19,708	\$ 19,273	\$ —	\$ —
Licenses and permits	—	—	—	—
Charges for services	4,647	4,193	10,626	11,366
Other intergovernmental revenues:				
Federal revenues	—	110	—	—
State revenues	—	—	—	—
Other revenues	—	—	—	—
Traffic violations and court fees	—	1	—	—
Intragovernmental revenues	—	—	—	—
Interest and other operating revenues	630	677	100	102
Total revenues	<u>24,985</u>	<u>24,254</u>	<u>10,726</u>	<u>11,468</u>
Expenditures:				
Current:				
General government	—	—	—	—
Public safety	—	—	1,756	1,738
Public works	—	—	2,033	2,022
Health and welfare	—	—	—	—
Cultural and recreation	24,097	23,552	—	—
Urban redevelopment and housing	—	—	—	—
Economic development and assistance	—	—	—	—
Capital outlays	4,592	2,530	18	2
Total expenditures	<u>28,689</u>	<u>26,082</u>	<u>3,807</u>	<u>3,762</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,704)</u>	<u>(1,828)</u>	<u>6,919</u>	<u>7,706</u>
Other financing sources and (uses):				
Sale of property	—	9	168	23
Transfers in (out)	—	(906)	(5,810)	(4,610)
Total other financing sources and (uses)	<u>—</u>	<u>(897)</u>	<u>(5,642)</u>	<u>(4,587)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(3,704)</u>	<u>(2,725)</u>	<u>1,277</u>	<u>3,119</u>
Unreserved fund balance at beginning of year	1,327	5,673	6,848	4,958
Cancellation of purchase orders and other	5,643	204	(1,574)	33
Unreserved fund balance at end of year	<u>\$ 3,266</u>	<u>\$ 3,152</u>	<u>\$ 6,551</u>	<u>\$ 8,110</u>

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Administration				
Office of the Mayor	Consolidated County			
Personal services		\$ 952	\$ 950	\$ 2
Supplies		3	—	3
Other services and charges		174	159	15
Capital outlay		4	—	4
Internal charges		1	—	1
Total		<u>1,134</u>	<u>1,109</u>	<u>25</u>
Internal Audit	Consolidated County			
Personal services		582	566	16
Supplies		3	1	2
Other services and charges		99	78	21
Capital outlay		7	—	7
Internal charges		3	2	1
Total		<u>694</u>	<u>647</u>	<u>47</u>
City-County Council and Council Clerk	Consolidated County			
Personal services		1,066	939	127
Supplies		9	4	5
Other services and charges		609	472	137
Capital outlay		25	10	15
Total		<u>1,709</u>	<u>1,425</u>	<u>284</u>
Cable Franchise Board	Consolidated County			
Personal services		485	485	—
Supplies		19	18	1
Other services and charges		280	275	5
Capital outlay		178	173	5
Internal charges		1	1	—
Total		<u>963</u>	<u>952</u>	<u>11</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Office of the Corporation Counsel	Consolidated County			
Personal services		\$ 2,850	\$ 2,740	\$ 110
Supplies		17	11	6
Other services and charges		1,975	1,957	18
Capital outlay		2	1	1
Internal charges		(2,279)	(2,280)	1
Total		<u>2,565</u>	<u>2,429</u>	<u>136</u>
Office of the Controller	Consolidated County			
Personal services		1,761	1,707	54
Supplies		9	6	3
Other services and charges		9,710	9,623	87
Capital outlay		9	6	3
Internal charges		32	32	—
Total		<u>11,521</u>	<u>11,374</u>	<u>147</u>
Office of the Controller	Transportation			
Other services and charges		<u>904</u>	<u>904</u>	<u>—</u>
Total		<u>904</u>	<u>904</u>	<u>—</u>
Office of the Controller	Redevelopment			
Other services and charges		<u>2,000</u>	<u>2,000</u>	<u>—</u>
Total		<u>2,000</u>	<u>2,000</u>	<u>—</u>
Office of the Controller	Consolidated County			
Purchasing Division				
Personal services		861	842	19
Supplies		3	2	1
Other services and charges		237	233	4
Capital outlay		1	1	—
Total		<u>1,102</u>	<u>1,078</u>	<u>24</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

Department and Division	Budgetary account	Final budget	Actual	Variance
Administrative Services Division	Consolidated County			
Personal services		\$ 1,033	\$ 1,029	\$ 4
Supplies		12	8	4
Other services and charges		463	460	3
Capital outlay		21	16	5
Internal charges		223	222	1
Total		<u>1,752</u>	<u>1,735</u>	<u>17</u>
Human Resources Division	Consolidated County			
Personal services		1,132	1,122	10
Supplies		18	10	8
Other services and charges		482	398	84
Capital outlay		9	1	8
Internal charges		25	24	1
Total		<u>1,666</u>	<u>1,555</u>	<u>111</u>
Equal Opportunity Division	Consolidated County			
Personal services		344	327	17
Supplies		4	2	2
Other services and charges		65	58	7
Capital outlay		1	—	1
Internal charges		8	8	—
Total		<u>422</u>	<u>395</u>	<u>27</u>
Indianapolis Fleet Services	Consolidated County			
Personal services		4,565	4,527	38
Supplies		9,604	9,603	1
Other services and charges		2,254	2,138	116
Capital outlay		203	83	120
Internal charges		(12,558)	(12,538)	(20)
Total		<u>4,068</u>	<u>3,813</u>	<u>255</u>
Total – Department of Administration		\$ <u>30,500</u>	\$ <u>29,416</u>	\$ <u>1,084</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Metropolitan Development				
Division of Administrative Services	Consolidated County			
Personal services		\$ 520	\$ 504	\$ 16
Supplies		2	—	2
Other services and charges		1,725	1,724	1
Capital outlay		2	2	—
Internal charges		187	155	32
Total		<u>2,436</u>	<u>2,385</u>	<u>51</u>
Division of Administrative Services	Redevelopment			
Personal services		564	554	10
Supplies		2	1	1
Other services and charges		746	743	3
Capital outlay		374	367	7
Internal charges		(69)	(69)	—
Total		<u>1,617</u>	<u>1,596</u>	<u>21</u>
Community Development and Financial Services	Consolidated County			
Personal services		317	317	—
Supplies		79	14	65
Capital outlay		2	1	1
Internal charges		(174)	(163)	(11)
Total		<u>224</u>	<u>169</u>	<u>55</u>
Community Development and Financial Services	Redevelopment			
Personal services		15	14	1
Other services and charges		479	151	328
Total		<u>494</u>	<u>165</u>	<u>329</u>
Community Development and Financial Services	Solid Waste Collection			
Other services and charges		147	113	34
Total		<u>147</u>	<u>113</u>	<u>34</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

Department and Division	Budgetary account	Final budget	Actual	Variance
Division of Planning	Consolidated County			
Personal services		\$ 830	\$ 810	\$ 20
Supplies		7	6	1
Other services and charges		616	593	23
Capital outlay		7	7	—
Internal charges		143	143	—
Total		<u>1,603</u>	<u>1,559</u>	<u>44</u>
Division of Planning	Transportation			
Personal services		91	87	4
Supplies		1	—	1
Other services and charges		211	201	10
Total		<u>303</u>	<u>288</u>	<u>15</u>
Neighborhood Services	Consolidated County			
Personal services		1,433	1,367	66
Supplies		6	5	1
Other services and charges		691	666	25
Capital outlay		39	34	5
Internal charges		(1,298)	(1,218)	(80)
Total		<u>871</u>	<u>854</u>	<u>17</u>
Historic Preservation	Consolidated County			
Personal services		120	103	17
Supplies		1	—	1
Other services and charges		45	45	—
Capital outlay		2	2	—
Internal charges		6	6	—
Total		<u>174</u>	<u>156</u>	<u>18</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Division of Compliance	Consolidated County			
Personal services		\$ 4,566	\$ 4,453	\$ 113
Supplies		38	33	5
Other services and charges		2,681	2,011	670
Capital outlay		234	134	100
Internal charges		779	738	41
Total		<u>8,298</u>	<u>7,369</u>	<u>929</u>
Total – Department of Metropolitan Development		\$ <u>16,167</u>	\$ <u>14,654</u>	\$ <u>1,513</u>
Department of Public Works				
Policy and Planning	Consolidated County			
Personal services		\$ 5,217	\$ 5,004	\$ 213
Supplies		79	53	26
Other services and charges		2,971	2,663	308
Capital outlay		140	46	94
Internal charges		(6,088)	(5,596)	(492)
Total		<u>2,319</u>	<u>2,170</u>	<u>149</u>
Policy and Planning	Transportation			
Other services and charges		<u>40</u>	<u>40</u>	<u>—</u>
Total		<u>40</u>	<u>40</u>	<u>—</u>
Policy and Planning	Solid Waste Collection			
Personal services		81	80	1
Supplies		4	—	4
Other services and charges		426	365	61
Capital outlay		<u>2</u>	<u>1</u>	<u>1</u>
Total		<u>513</u>	<u>446</u>	<u>67</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Policy and Planning	Sanitation			
Personal services		\$ 732	\$ 732	\$ —
Supplies		30	23	7
Other services and charges		593	471	122
Capital outlay		33	28	5
Internal charges		15	15	—
Total		<u>1,403</u>	<u>1,269</u>	<u>134</u>
Policy and Planning	Storm Water Management			
Personal services		<u>53</u>	<u>53</u>	<u>—</u>
Total		<u>53</u>	<u>53</u>	<u>—</u>
Engineering	Consolidated County			
Supplies		23	15	8
Other services and charges		910	888	22
Capital outlay		25	15	10
Internal charges		<u>(838)</u>	<u>(838)</u>	<u>—</u>
Total		<u>120</u>	<u>80</u>	<u>40</u>
Engineering	Transportation			
Personal services		2,266	2,156	110
Other services and charges		6,935	6,935	—
Capital outlay		10,726	10,725	1
Internal charges		<u>1,375</u>	<u>1,367</u>	<u>8</u>
Total		<u>21,302</u>	<u>21,183</u>	<u>119</u>
Engineering	Sanitation			
Personal services		730	730	—
Supplies		121	121	—
Other services and charges		1,314	1,314	—
Internal charges		<u>841</u>	<u>760</u>	<u>81</u>
Total		<u>3,006</u>	<u>2,925</u>	<u>81</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Engineering	Storm Water Management			
Personal services		\$ 238	\$ 238	\$ —
Other services and charges		763	763	—
Internal charges		313	304	9
Total		<u>1,314</u>	<u>1,305</u>	<u>9</u>
Operations	Consolidated County			
Other services and charges		2,405	2,404	1
Internal charges		151	142	9
Total		<u>2,556</u>	<u>2,546</u>	<u>10</u>
Operations	Maintenance Operation			
Personal services		1,543	1,543	—
Supplies		208	207	1
Other services and charges		503	460	43
Capital outlay		24	12	12
Internal charges		(2,277)	(2,223)	(54)
Total		<u>1</u>	<u>(1)</u>	<u>2</u>
Operations	Transportation			
Personal services		12,121	11,731	390
Supplies		2,927	2,875	52
Other services and charges		1,285	1,276	9
Capital outlay		1,525	1,331	194
Internal charges		3,932	3,921	11
Total		<u>21,790</u>	<u>21,134</u>	<u>656</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Operations	Solid Waste Collection			
Personal services		\$ 5,800	\$ 5,636	\$ 164
Supplies		126	98	28
Other services and charges		14,034	13,353	681
Capital outlay		1,872	1,737	135
Internal charges		7,398	6,982	416
Total		<u>29,230</u>	<u>27,806</u>	<u>1,424</u>
Operations	Solid Waste Disposal			
Other services and charges		10,946	10,182	764
Internal charges		618	580	38
Total		<u>11,564</u>	<u>10,762</u>	<u>802</u>
Operations	Sanitation			
Personal services		640	604	36
Supplies		2	2	—
Other services and charges		40,351	40,346	5
Capital outlay		32	29	3
Internal charges		3,380	3,081	299
Total		<u>44,405</u>	<u>44,062</u>	<u>343</u>
Operations	Storm Water Management			
Personal services		1,455	1,455	—
Supplies		29	27	2
Other services and charges		374	365	9
Capital outlay		18	2	16
Internal charges		564	555	9
Total		<u>2,440</u>	<u>2,404</u>	<u>36</u>
Total – Department of Public Works		\$ <u>142,056</u>	\$ <u>138,184</u>	\$ <u>3,872</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Safety				
Public Safety Administration	Consolidated County			
Personal services		\$ 587	\$ 584	\$ 3
Supplies		4	2	2
Other services and charges		129	103	26
Capital outlay		3	3	—
Internal charges		473	473	—
Total		<u>1,196</u>	<u>1,165</u>	<u>31</u>
Emergency Management Planning	Consolidated County			
Personal services		315	301	14
Supplies		7	5	2
Other services and charges		220	220	—
Capital outlay		12	12	—
Internal charges		18	16	2
Total		<u>572</u>	<u>554</u>	<u>18</u>
Indianapolis Police Department	Consolidated County			
Personal services		10,311	10,291	20
Supplies		686	566	120
Other services and charges		4,128	4,096	32
Capital outlay		75	42	33
Total		<u>15,200</u>	<u>14,995</u>	<u>205</u>
Indianapolis Police Department	Solid Waste Collection			
Personal services		143	84	59
Supplies		7	1	6
Other services and charges		5	2	3
Capital outlay		8	—	8
Internal charges		10	7	3
Total		<u>173</u>	<u>94</u>	<u>79</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

Department and Division	Budgetary account	Final budget	Actual	Variance
Indianapolis Police Department	Police			
Personal services		\$ 78,041	\$ 77,888	\$ 153
Supplies		600	479	121
Other services and charges		6,204	6,175	29
Capital outlay		684	423	261
Internal charges		4,672	4,672	—
Total		<u>90,201</u>	<u>89,637</u>	<u>564</u>
Indianapolis Fire Department	Fire			
Personal services		50,181	49,899	282
Supplies		1,140	969	171
Other services and charges		2,178	2,089	89
Capital outlay		635	499	136
Internal charges		1,604	1,499	105
Total		<u>55,738</u>	<u>54,955</u>	<u>783</u>
Weights and Measures	Consolidated County			
Personal services		331	330	1
Other services and charges		28	28	—
Capital outlay		23	18	5
Internal charges		12	8	4
Total		<u>394</u>	<u>384</u>	<u>10</u>
Animal Care and Control	Consolidated County			
Personal services		2,086	1,952	134
Supplies		125	109	16
Other services and charges		495	377	118
Capital outlay		153	131	22
Internal charges		(2,815)	(2,402)	(413)
Total		<u>44</u>	<u>167</u>	<u>(123)</u>
Total – Department of Public Safety		<u>\$ 163,518</u>	<u>\$ 161,951</u>	<u>\$ 1,567</u>

(Continued)

CITY OF INDIANAPOLIS
General Fund
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Budgetary account</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Parks and Recreation	Consolidated County			
Other services and charges		\$ 1,625	\$ 1,625	\$ —
Total		<u>1,625</u>	<u>1,625</u>	<u>—</u>
Department of Parks and Recreation	Transportation			
Personal services		41	41	—
Other services and charges		731	720	11
Internal charges		<u>425</u>	<u>425</u>	<u>—</u>
Total		<u>1,197</u>	<u>1,186</u>	<u>11</u>
Department of Parks and Recreation	Park			
Personal services		15,779	15,436	343
Supplies		1,176	1,061	115
Other services and charges		6,042	5,956	86
Capital outlay		4,592	2,531	2,061
Internal charges		<u>1,100</u>	<u>1,099</u>	<u>1</u>
Total		<u>28,689</u>	<u>26,083</u>	<u>2,606</u>
Total – Department of Parks and Recreation		\$ 31,511	\$ 28,894	\$ 2,617
Total – General Fund – by Department and Division		<u>\$ 383,752</u>	<u>\$ 373,099</u>	<u>\$ 10,653</u>

Nonmajor Special Revenue Fund

The Special Revenue Funds include funds which are restricted as to use by the State government and special purpose funds established by authority of the City-County Council.

- | | |
|-------------------------------------|---|
| Parking - | to account for all parking meter collections; these receipts are used to defray the cost of meter maintenance, the repair of sidewalks and curbs, and the repair of streets |
| Cable Franchise PEG Grants - | to account for contributions from the two cable franchise agreements to provide for public purpose grants for the capital costs of Public, Educational, or Governmental (PEG) Access Facilities |
| Grants and Gifts - | to account for all donations from not-for-profit organizations and estates held in a fiduciary capacity until the project for which they have been donated occurs |
| State of Indiana Grants - | to account for all grants received from the State of Indiana |

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CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Special Revenue Funds
December 31, 2004
(In Thousands)

	Parking	Cable Franchise PEG Grants	Grants and Gifts	State of Indiana Grants	Total Nonmajor Special Revenue Funds
ASSETS					
Equity in pooled cash	\$ 82	\$ 96	\$ —	\$ 119	\$ 297
Investments	2,245	12	—	834	3,091
Accrued interest receivable	13	—	—	7	20
Accounts receivable	6	—	—	47	53
Due from federal and state governments	—	—	—	278	278
Total assets	<u>\$ 2,346</u>	<u>\$ 108</u>	<u>\$ —</u>	<u>\$ 1,285</u>	<u>\$ 3,739</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other accrued liabilities	\$ 271	\$ —	\$ —	\$ 115	\$ 386
Accrued payroll and payroll taxes	4	—	—	—	4
Deferred revenue	—	—	—	450	450
Total liabilities	<u>275</u>	<u>—</u>	<u>—</u>	<u>565</u>	<u>840</u>
Fund balances:					
Reserved for encumbrances	516	—	—	268	784
Unreserved	<u>1,555</u>	<u>108</u>	<u>—</u>	<u>452</u>	<u>2,115</u>
Total fund balances	<u>2,071</u>	<u>108</u>	<u>—</u>	<u>720</u>	<u>2,899</u>
Total liabilities and fund balances	<u>\$ 2,346</u>	<u>\$ 108</u>	<u>\$ —</u>	<u>\$ 1,285</u>	<u>\$ 3,739</u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Special Revenue Funds
Year ended December 31, 2004
(In Thousands)

	<u>Parking</u>	<u>Cable franchise PEG grants</u>	<u>Grants and gifts</u>	<u>State of Indiana grants</u>	<u>Total Nonmajor Special Revenue Funds</u>
Revenues:					
Charges for services	\$ 2,348	\$ 120	\$ —	\$ —	\$ 2,468
Other intergovernmental revenues:					
Federal revenues	—	—	—	35	35
State revenues	—	—	—	457	457
Traffic violations and court fees	1,001	—	—	538	1,539
Interest and other operating revenues	<u>37</u>	<u>2</u>	<u>—</u>	<u>74</u>	<u>113</u>
Total revenues	<u>3,386</u>	<u>122</u>	<u>—</u>	<u>1,104</u>	<u>4,612</u>
Expenditures:					
Current:					
General government	—	163	—	—	163
Public safety	175	—	—	233	408
Public works	708	—	—	80	788
Health and welfare	—	—	—	3	3
Cultural and recreation	—	—	—	21	21
Economic development and assistance	—	—	—	428	428
Debt service:					
Redemption of bonds and notes	—	—	—	13	13
Interest on bonds and notes	—	—	—	6	6
Capital outlay	<u>650</u>	<u>—</u>	<u>—</u>	<u>356</u>	<u>1,006</u>
Total expenditures	<u>1,533</u>	<u>163</u>	<u>—</u>	<u>1,140</u>	<u>2,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,853</u>	<u>(41)</u>	<u>—</u>	<u>(36)</u>	<u>1,776</u>
Other financing sources and (uses):					
Transfers out	<u>(2,020)</u>	<u>—</u>	<u>(30)</u>	<u>—</u>	<u>(2,050)</u>
Total other financing sources and (uses)	<u>(2,020)</u>	<u>—</u>	<u>(30)</u>	<u>—</u>	<u>(2,050)</u>
Net change in fund balances	(167)	(41)	(30)	(36)	(274)
Fund balances at beginning of year	<u>2,238</u>	<u>149</u>	<u>30</u>	<u>756</u>	<u>3,173</u>
Fund balances at end of year	<u>\$ 2,071</u>	<u>\$ 108</u>	<u>\$ —</u>	<u>\$ 720</u>	<u>\$ 2,899</u>

CITY OF INDIANAPOLIS
Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Parking		Federal Grants		State of Indiana Grants		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:								
Charges for services	\$ 2,250	\$ 2,346	\$ —	\$ —	\$ —	\$ —	\$ 2,250	\$ 2,346
Other intergovernmental revenues:								
Federal revenues	—	—	39,734	20,122	—	—	39,734	20,122
State revenues	—	—	—	2	400	400	400	402
Other revenues	—	—	—	7	—	—	—	7
Traffic violations and court fees	1,200	986	600	648	300	417	2,100	2,051
Interest and other operating revenues	75	57	65	71	—	21	140	149
Total revenues	<u>3,525</u>	<u>3,389</u>	<u>40,399</u>	<u>20,850</u>	<u>700</u>	<u>838</u>	<u>44,624</u>	<u>25,077</u>
Expenditures:								
Current:								
General government	—	—	27	26	—	—	27	26
Public safety	150	150	6,395	5,853	261	234	6,806	6,237
Public works	754	723	—	—	184	132	938	855
Health and welfare	—	—	1,174	1,133	—	—	1,174	1,133
Cultural and recreation	—	—	385	358	41	34	426	392
Urban redevelopment and housing	—	—	28,409	25,734	—	—	28,409	25,734
Economic development and assistance	—	—	1,879	1,430	400	400	2,279	1,830
Capital outlays	752	750	2,982	1,995	100	33	3,834	2,778
Total expenditures	<u>1,656</u>	<u>1,623</u>	<u>41,251</u>	<u>36,529</u>	<u>986</u>	<u>833</u>	<u>43,893</u>	<u>38,985</u>
Excess (deficiency) of revenues over expenditures	<u>1,869</u>	<u>1,766</u>	<u>(852)</u>	<u>(15,679)</u>	<u>(286)</u>	<u>5</u>	<u>731</u>	<u>(13,908)</u>
Other financing sources and (uses), net:								
Sale of capital assets	—	2	—	—	—	38	—	40
Transfers in (out)	(2,020)	(2,020)	—	—	—	—	(2,020)	(2,020)
Total other financing sources and (uses)	<u>(2,020)</u>	<u>(2,018)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>38</u>	<u>(2,020)</u>	<u>(1,980)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(151)</u>	<u>(252)</u>	<u>(852)</u>	<u>(15,679)</u>	<u>(286)</u>	<u>43</u>	<u>(1,289)</u>	<u>(15,888)</u>
Unreserved fund balances at beginning of year	2,268	1,831	997	851	366	629	3,631	3,311
Cancellation of purchase orders and other	(497)	9	184	14,941	(80)	256	(393)	15,206
Unreserved fund balances at end of year	<u>\$ 1,620</u>	<u>\$ 1,588</u>	<u>\$ 329</u>	<u>\$ 113</u>	<u>\$ —</u>	<u>\$ 928</u>	<u>\$ 1,949</u>	<u>\$ 2,629</u>

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Administration				
Office of the Corporation Counsel	Federal Grants			
Personal services		\$ 25	\$ 24	\$ 1
Other services and charges		2	2	—
Total		<u>27</u>	<u>26</u>	<u>1</u>
Total – Department of Administration		\$ <u>27</u>	\$ <u>26</u>	\$ <u>1</u>
Department of Metropolitan Development				
Division of Administrative Services	Federal Grants			
Personal services		\$ 43	\$ 43	\$ —
Other services and charges		100	54	46
Total		<u>143</u>	<u>97</u>	<u>46</u>
Division of Administrative Services	State of Indiana Grants			
Other services and charges		400	400	—
Total		<u>400</u>	<u>400</u>	<u>—</u>
Community Development and Financial Services	Federal Grants			
Personal services		946	909	37
Supplies		3	3	—
Other services and charges		27,822	24,972	2,850
Capital outlay		816	690	126
Total		<u>29,587</u>	<u>26,574</u>	<u>3,013</u>
Division of Planning	Federal Grants			
Personal services		1,170	1,142	28
Supplies		12	10	2
Other services and charges		1,059	882	177
Capital outlay		8	—	8
Total		<u>2,249</u>	<u>2,034</u>	<u>215</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Neighborhood Services	Federal Grants			
Personal services		\$ 110	\$ 95	\$ 15
Total		<u>110</u>	<u>95</u>	<u>15</u>
Historic Preservation	Federal Grants			
Personal services		176	174	2
Supplies		1	—	1
Other services and charges		21	15	6
Total		<u>198</u>	<u>189</u>	<u>9</u>
Total – Department of Metropolitan Development		\$ <u>32,687</u>	\$ <u>29,389</u>	\$ <u>3,298</u>
Department of Public Works				
Policy and Planning	State of Indiana Grants			
Other services and charges		\$ 184	\$ 132	\$ 52
Total		<u>184</u>	<u>132</u>	<u>52</u>
Engineering	Parking			
Other services and charges		150	150	—
Capital outlay		750	750	—
Internal charges		47	44	3
Total		<u>947</u>	<u>944</u>	<u>3</u>
Operations	Parking			
Personal services		250	232	18
Supplies		90	89	1
Other services and charges		328	321	7
Capital outlay		2	—	2
Internal charges		39	37	2
Total		<u>709</u>	<u>679</u>	<u>30</u>
Total – Department of Public Works		\$ <u>1,840</u>	\$ <u>1,755</u>	\$ <u>85</u>

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
(Continued)				
Department of Public Safety				
Indianapolis Police Department	Federal Grants			
Personal services		\$ 3,288	\$ 3,234	\$ 54
Supplies		246	143	103
Other services and charges		2,642	2,335	307
Capital outlay		2,127	1,302	825
Total		<u>8,303</u>	<u>7,014</u>	<u>1,289</u>
Indianapolis Police Department	State of Indiana Grants			
Supplies		30	6	24
Other services and charges		231	228	3
Capital outlay		100	33	67
Total		<u>361</u>	<u>267</u>	<u>94</u>
Indianapolis Fire Department	Federal Grants			
Personal services		85	82	3
Supplies		28	—	28
Other services and charges		105	57	48
Capital outlay		30	2	28
Internal charges		1	1	—
Total		<u>249</u>	<u>142</u>	<u>107</u>
Total – Department of Public Safety		<u>\$ 8,913</u>	<u>\$ 7,423</u>	<u>\$ 1,490</u>
Department of Parks and Recreation	Federal Grants			
Personal services		\$ 52	\$ 52	\$ —
Supplies		16	14	2
Other services and charges		316	292	24
Capital outlay		1	—	1
Total		<u>385</u>	<u>358</u>	<u>27</u>

(Continued)

CITY OF INDIANAPOLIS
Special Revenue Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Parks and Recreation	State of Indiana Grants			
Other services and charges		\$ <u>41</u>	\$ <u>34</u>	\$ <u>7</u>
Total		<u>41</u>	<u>34</u>	<u>7</u>
Total – Department of Parks and Recreation		\$ <u>426</u>	\$ <u>392</u>	\$ <u>34</u>
Total – Special Revenue Funds – by Department and Division		\$ <u><u>43,893</u></u>	\$ <u><u>38,985</u></u>	\$ <u><u>4,908</u></u>

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Nonmajor Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs of four of the taxing districts. Nonmajor Debt service requirements are funded generally from property tax revenues and other operating revenues.

Civil City -	to account for the accumulation of resources for, and the payment of general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Civil City
Redevelopment District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Redevelopment District and to account for the accumulation of resources for, and the payment of, long-term lease commitments to the Marion County Convention and Recreation Facility Authority (MCCRFA) for a leasehold interest in the United Airlines repair facility
MECA -	to account for the accumulation of resources for, and the payment of, costs associated with the Public Safety Communications System Equipment
Sanitary District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Sanitary District
Flood Control District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Flood Control District
Metropolitan Thoroughfare District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Metropolitan Thoroughfare District
Park District -	to account for the accumulation of resources for, and the payment of, general long-term bonded debt principal, interest and related costs of bond issues benefiting the taxpayers of the Park District

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CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Debt Service Funds
December 31, 2004
(In Thousands)

	Civil City	Redevelopment District	MECA	Sanitary District	Flood Control District	Metropolitan Thoroughfare District	Park District	Total Nonmajor Debt Service Funds
ASSETS								
Equity in pooled cash	\$ 2	\$ 171	\$ 2	\$ 349	\$ —	\$ 25	\$ 32	\$ 581
Cash and investments with fiscal agents	370	3,245	2,836	6,518	4,239	7,885	1,092	26,185
Accounts receivable	—	72	324	2,913	—	47	5	3,361
Accrued interest receivable	1	28	6	49	5	11	2	102
Investments	54	4,656	45	9,530	2	683	880	15,850
Property taxes receivable	—	395	167	—	—	180	9	751
Total assets	<u>\$ 427</u>	<u>\$ 8,567</u>	<u>\$ 3,380</u>	<u>\$ 19,359</u>	<u>\$ 4,246</u>	<u>\$ 8,831</u>	<u>\$ 2,020</u>	<u>\$ 46,830</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Matured bonds payable	\$ 330	\$ 3,180	\$ 2,360	\$ 4,354	\$ 3,493	\$ 5,969	\$ 278	\$ 19,964
Matured interest payable	39	66	515	2,340	746	2,060	845	6,611
Accounts payable and other accrued liabilities	16	50	—	34	11	5	8	124
Deferred revenue	—	467	209	2,913	—	227	14	3,830
Total liabilities	<u>385</u>	<u>3,763</u>	<u>3,084</u>	<u>9,641</u>	<u>4,250</u>	<u>8,261</u>	<u>1,145</u>	<u>30,529</u>
Fund balances:								
Reserved for debt service	<u>42</u>	<u>4,804</u>	<u>296</u>	<u>9,718</u>	<u>(4)</u>	<u>570</u>	<u>875</u>	<u>16,301</u>
Total liabilities and fund balances	<u>\$ 427</u>	<u>\$ 8,567</u>	<u>\$ 3,380</u>	<u>\$ 19,359</u>	<u>\$ 4,246</u>	<u>\$ 8,831</u>	<u>\$ 2,020</u>	<u>\$ 46,830</u>

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Debt Service Funds
Year ended December 31, 2004
(In Thousands)

	<u>Civil City</u>	<u>Redevelopment District</u>	<u>MECA</u>	<u>Sanitary District</u>	<u>Flood Control District</u>	<u>Metropolitan Thoroughfare District</u>	<u>Park District</u>	<u>Total Nonmajor Debt Service Funds</u>
Revenues:								
Property taxes	\$ —	\$ 13,689	\$ 3,680	\$ —	\$ —	\$ 4,998	\$ 969	\$ 23,336
Other taxes	—	878	407	61	—	552	107	2,005
Interest on investments	9	111	34	213	64	92	6	529
Other revenues	—	—	1,724	1,433	—	—	—	3,157
Total revenues	<u>9</u>	<u>14,678</u>	<u>5,845</u>	<u>1,707</u>	<u>64</u>	<u>5,642</u>	<u>1,082</u>	<u>29,027</u>
Expenditures:								
Redemption of bonds and notes	329	3,179	2,977	4,235	3,497	5,965	269	20,451
Interest on bonds and notes	82	130	1,038	4,584	1,502	4,110	1,655	13,101
Operating lease payments and administration	—	14,352	3,128	3	—	3	1	17,487
Total expenditures	<u>411</u>	<u>17,661</u>	<u>7,143</u>	<u>8,822</u>	<u>4,999</u>	<u>10,078</u>	<u>1,925</u>	<u>51,039</u>
Deficiency of revenues under expenditures	<u>(402)</u>	<u>(2,983)</u>	<u>(1,298)</u>	<u>(7,115)</u>	<u>(4,935)</u>	<u>(4,436)</u>	<u>(843)</u>	<u>(22,012)</u>
Other financing sources and (uses):								
Transfers in	350	750	300	6,000	4,730	4,000	1,656	17,786
Transfers out	—	(59)	—	—	—	—	—	(59)
Total other financing sources and (uses)	<u>350</u>	<u>691</u>	<u>300</u>	<u>6,000</u>	<u>4,730</u>	<u>4,000</u>	<u>1,656</u>	<u>17,727</u>
Net change in fund balances	<u>(52)</u>	<u>(2,292)</u>	<u>(998)</u>	<u>(1,115)</u>	<u>(205)</u>	<u>(436)</u>	<u>813</u>	<u>(4,285)</u>
Fund balances at beginning of year	<u>94</u>	<u>7,096</u>	<u>1,294</u>	<u>10,833</u>	<u>201</u>	<u>1,006</u>	<u>62</u>	<u>20,586</u>
Fund balances at end of year	<u>\$ 42</u>	<u>\$ 4,804</u>	<u>\$ 296</u>	<u>\$ 9,718</u>	<u>\$ (4)</u>	<u>\$ 570</u>	<u>\$ 875</u>	<u>\$ 16,301</u>

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Civil City		Redevelopment District		MECA	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ —	\$ —	\$ 15,177	\$ 14,567	\$ 4,179	\$ 4,087
Charges for services	—	—	—	—	1,800	1,450
Other operating revenues	20	13	200	169	20	33
Total revenues	20	13	15,377	14,736	5,999	5,570
Expenditures:						
Debt service	409	412	17,702	17,662	7,145	7,141
Total expenditures	409	412	17,702	17,662	7,145	7,141
Excess (deficiency) of revenues over (under) expenditures	(389)	(399)	(2,325)	(2,926)	(1,146)	(1,571)
Other financing sources, net:						
Transfers in	350	350	—	691	—	300
Total other financing sources	350	350	—	691	—	300
Revenues over (under) expenditures and other financing sources (uses)	(39)	(49)	(2,325)	(2,235)	(1,146)	(1,271)
Unreserved fund balances at beginning of year	39	107	3,797	7,100	690	974
Cancellation of purchase orders and other	35	2	2,621	1	456	306
Unreserved fund balances at end of year	\$ 35	\$ 60	\$ 4,093	\$ 4,866	\$ —	\$ 9

(Continued)

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Sanitary District		Flood Control District		Metropolitan Thoroughfare District	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ —	\$ 61	\$ —	\$ —	\$ 5,675	\$ 5,550
Charges for services	—	—	—	—	—	—
Other operating revenues	100	1,788	—	83	91	121
Total revenues	100	1,849	—	83	5,766	5,671
Expenditures:						
Debt service	8,937	8,821	5,740	4,995	10,048	10,077
Total expenditures	8,937	8,821	5,740	4,995	10,048	10,077
Excess (deficiency) of revenues over (under) expenditures	(8,837)	(6,972)	(5,740)	(4,912)	(4,282)	(4,406)
Other financing sources, net:						
Transfers in	6,000	6,000	—	4,730	4,000	4,000
Total other financing sources	6,000	6,000	—	4,730	4,000	4,000
Revenues over (under) expenditures and other financing sources (uses)	(2,837)	(972)	(5,740)	(182)	(282)	(406)
Unreserved fund balances at beginning of year	1,981	1,920	1,026	143	335	884
Cancellation of purchase orders and other	1,331	277	4,714	39	680	92
Unreserved fund balances at end of year	\$ 475	\$ 1,225	\$ —	\$ —	\$ 733	\$ 570

(Continued)

CITY OF INDIANAPOLIS
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Revenue		Park District		Totals	
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 37,950	\$ 58,906	\$ 1,100	\$ 1,076	\$ 64,081	\$ 84,247
Charges for services	400	262	—	—	2,200	1,712
Other operating revenues	30,463	29,681	25	17	30,919	31,905
Total revenues	<u>68,813</u>	<u>88,849</u>	<u>1,125</u>	<u>1,093</u>	<u>97,200</u>	<u>117,864</u>
Expenditures:						
Debt service	<u>92,396</u>	<u>85,106</u>	<u>1,922</u>	<u>1,924</u>	<u>144,299</u>	<u>136,138</u>
Total expenditures	<u>92,396</u>	<u>85,106</u>	<u>1,922</u>	<u>1,924</u>	<u>144,299</u>	<u>136,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(23,583)</u>	<u>3,743</u>	<u>(797)</u>	<u>(831)</u>	<u>(47,099)</u>	<u>(18,274)</u>
Other financing sources, net:						
Transfers in	<u>9,974</u>	<u>3,913</u>	<u>750</u>	<u>1,656</u>	<u>21,074</u>	<u>21,640</u>
Total other financing sources	<u>9,974</u>	<u>3,913</u>	<u>750</u>	<u>1,656</u>	<u>21,074</u>	<u>21,640</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>(13,609)</u>	<u>7,656</u>	<u>(47)</u>	<u>825</u>	<u>(26,025)</u>	<u>3,366</u>
Unreserved fund balances at beginning of year	—	—	335	81	8,203	11,209
Cancellation of purchase orders and other	<u>13,609</u>	<u>(7,656)</u>	<u>(224)</u>	<u>20</u>	<u>23,222</u>	<u>(6,919)</u>
Unreserved fund balances at end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 64</u>	<u>\$ 926</u>	<u>\$ 5,400</u>	<u>\$ 7,656</u>

CITY OF INDIANAPOLIS
Debt Service Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Non Departmental	Flood Control District			
Other services and charges		\$ 5,740	\$ 4,995	\$ 745
Total		5,740	4,995	745
Non Departmental	Metropolitan Thoroughfare District			
Other services and charges		10,048	10,077	(29)
Total		10,048	10,077	(29)
Non Departmental	Park District			
Other services and charges		1,922	1,924	(2)
Total		1,922	1,924	(2)
Non Departmental	MECA			
Other services and charges		7,145	7,141	4
Total		7,145	7,141	4
Non Departmental	Civil City			
Other services and charges		409	412	(3)
Total		409	412	(3)
Non Departmental	Redevelopment District			
Other services and charges		17,702	17,662	40
Total		17,702	17,662	40
Non Departmental	Revenue			
Other services and charges		92,396	85,106	7,290
Total		92,396	85,106	7,290
Non Departmental	Sanitary District			
Other services and charges		8,937	8,821	116
Total		8,937	8,821	116
Total – Debt Service Funds – by Department		\$ 144,299	\$ 136,138	\$ 8,161

Nonmajor Capital Project Funds

The Capital Projects Funds are used to account for resources designated to construct or acquire general fixed assets. Such resources are derived principally from special district bonds, federal grants and property tax levies.

Redevelopment District:

General -

to account for all financial resources related to projects constructed wholly or in part from Redevelopment District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Tax Increment -

to account for all financial resources related to projects constructed from proceeds of the Redevelopment District Tax Increment bond issues

Economic Development -

to account for all financial resources related to projects constructed with Economic Development bonds issued by the City

Metropolitan Thoroughfare District -

to account for all financial resources related to projects constructed wholly or in part from Metropolitan Thoroughfare District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

Park District -

to account for all financial resources related to projects constructed wholly or in part from Park District bond issue proceeds (except tax increment bonds) and any participating federal and state grants, including any required City local matching funds

City Cumulative Capital Development -

to account for all resources accumulating from a City-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition and repair of certain facilities and other items of a capital nature

County Cumulative Capital Development -

to account for all resources accumulating from a County-wide ad valorem property tax levy to provide for the cost of construction, maintenance, acquisition and repair of certain facilities and other items of a capital nature

Tax Revenue Note -

to account for all financial resources related to purchases of certain vehicles and other equipment from the proceeds of a tax revenue note

MECA -

to account for all financial resources related to acquisition of computer hardware and software from proceeds of the Public Safety Communication System and Computer Facilities District bonds

Landmark Building Preservation -

to account for all financial resources related to costs of major repairs to certain city properties

Storm Water Bonds -

to account for all financial resources related to expenditures for construction of storm water removal infrastructure

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CITY OF INDIANAPOLIS
Combining Balance Sheet – Nonmajor Capital Projects Funds
December 31, 2004
(In Thousands)

	Redevelopment District			Metropolitan		City	County					Total
	Tax		Economic	Thoroughfare	Park	Cumulative	Cumulative	Tax		Landmark		Nonmajor
	General	Increment	Development	District	District	Capital	Capital	Revenue		Building	Storm	Capital
ASSETS						Development	Development	Note	MECA	Preservation	Water	Projects Funds
Equity in pooled cash	\$ 34	\$ 30	\$ —	\$ 54	\$ —	\$ 499	\$ 148	\$ —	\$ 19	\$ 33	\$ 92	\$ 909
Cash and investments with fiscal agents	2,067	1,694	3,179	8,739	—	—	—	3,587	599	—	86	19,951
Investments	946	825	—	1,465	10	13,630	4,080	—	508	911	2,500	24,875
Accrued interest receivable	5	—	—	5	—	49	14	—	6	4	10	93
Property taxes receivable	—	—	—	—	—	475	—	—	—	—	—	475
Accounts receivable	—	—	—	536	—	113	459	—	—	—	—	1,108
Total assets	\$ 3,052	\$ 2,549	\$ 3,179	\$ 10,799	\$ 10	\$ 14,766	\$ 4,701	\$ 3,587	\$ 1,132	\$ 948	\$ 2,688	\$ 47,411
LIABILITIES AND FUND BALANCES												
Liabilities:												
Accounts payable and other accrued liabilities	\$ 42	\$ 40	\$ —	\$ 818	\$ —	\$ 446	\$ 822	\$ 391	\$ —	\$ —	\$ 306	\$ 2,865
Due to other funds	—	—	—	—	—	65	—	—	—	—	—	65
Deferred revenue	—	—	—	—	—	588	—	—	—	—	—	588
Total liabilities	42	40	—	818	—	1,099	822	391	—	—	306	3,518
Fund balances:												
Reserved for encumbrances	29	28	—	5,275	—	2,172	2,159	—	168	265	1,251	11,347
Unreserved	2,981	2,481	3,179	4,706	10	11,495	1,720	3,196	964	683	1,131	32,546
Total fund balances	3,010	2,509	3,179	9,981	10	13,667	3,879	3,196	1,132	948	2,382	43,893
Total liabilities and fund balances	\$ 3,052	\$ 2,549	\$ 3,179	\$ 10,799	\$ 10	\$ 14,766	\$ 4,701	\$ 3,587	\$ 1,132	\$ 948	\$ 2,688	\$ 47,411

CITY OF INDIANAPOLIS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Capital Projects Funds
Year ended December 31, 2004
(In Thousands)

	<u>Redevelopment District</u>			<u>Metropolitan</u>		<u>City</u>	<u>County</u>	<u>Tax</u>		<u>Landmark</u>		<u>Total</u>
	<u>General</u>	<u>Tax</u>	<u>Economic</u>	<u>Thoroughfare</u>	<u>Park</u>	<u>Cumulative</u>	<u>Cumulative</u>	<u>Revenue</u>		<u>Building</u>	<u>Storm</u>	<u>Nonmajor</u>
		<u>Increment</u>	<u>Development</u>	<u>District</u>	<u>District</u>	<u>Capital</u>	<u>Capital</u>	<u>Note</u>	<u>MECA</u>	<u>Preservation</u>	<u>Water</u>	<u>Capital</u>
						<u>Improvement</u>	<u>Improvement</u>					<u>Projects Funds</u>
Revenues:												
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,609	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 14,609
Other intergovernmental revenues:												
Federal revenues	—	—	—	748	—	—	89	—	—	—	—	837
Other revenues	—	—	—	—	—	—	4,307	—	—	—	—	4,307
Interest and other operating revenues	21	1	99	146	—	83	28	55	33	10	209	685
Total revenues	21	1	99	894	—	14,692	4,424	55	33	10	209	20,438
Expenditures:												
Debt service:												
Redemption of notes	9,957	—	—	—	—	4,041	—	1,236	—	—	—	15,234
Interest on notes	—	—	—	—	—	313	—	118	—	—	358	789
Issuance costs	530	313	1,872	—	—	—	—	—	—	—	—	2,715
Capital outlay	396	16,119	24,853	14,146	—	6,503	3,866	8,588	978	34	3,747	79,230
Total expenditures	10,883	16,432	26,725	14,146	—	10,857	3,866	9,942	978	34	4,105	97,968
Excess (deficiency) of revenues over (under) expenditures	(10,862)	(16,431)	(26,626)	(13,252)	—	3,835	558	(9,887)	(945)	(24)	(3,896)	(77,530)
Other financing sources and (uses):												
Bonds and notes issued	12,600	17,600	29,450	—	—	—	—	7,313	—	—	436	67,399
Premium on bonds issued	—	—	(395)	—	—	—	—	—	—	—	—	(395)
Sale of capital assets	—	—	—	—	—	23	—	—	—	—	—	23
Transfers in	59	3,986	750	—	—	1,311	—	—	—	—	—	6,106
Transfers out	—	(3,000)	—	—	—	(5,100)	(510)	—	(300)	—	—	(8,910)
Total other financing sources and (uses)	12,659	18,586	29,805	—	—	(3,766)	(510)	7,313	(300)	—	436	64,223
Net change in fund balances	1,797	2,155	3,179	(13,252)	—	69	48	(2,574)	(1,245)	(24)	(3,460)	(13,307)
Fund balances at beginning of year	1,213	354	—	23,233	10	13,598	3,831	5,770	2,377	972	5,842	57,200
Fund balances at end of year	\$ 3,010	\$ 2,509	\$ 3,179	\$ 9,981	\$ 10	\$ 13,667	\$ 3,879	\$ 3,196	\$ 1,132	\$ 948	\$ 2,382	\$ 43,893

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Unreserved Fund Balances
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	City Cumulative		County Cumulative		Totals	
	Capital Improvement		Capital Improvement			
	Final budget	Actual	Final budget	Actual	Final budget	Actual
Revenues:						
Taxes	\$ 15,076	\$ 14,609	\$ —	\$ —	\$ 15,076	\$ 14,609
Other intergovernmental revenues	—	—	4,635	3,936	4,635	3,936
Interest and other operating revenues	250	244	70	78	320	322
Total revenues	<u>15,326</u>	<u>14,853</u>	<u>4,705</u>	<u>4,014</u>	<u>20,031</u>	<u>18,867</u>
Expenditures:						
Current:						
General government	1,061	1,061	—	—	1,061	1,061
Public safety	538	241	—	—	538	241
Public works	—	—	200	200	200	200
Cultural and recreation	892	888	—	—	892	888
Urban redevelopment	36	36	—	—	36	36
Economic development	35	35	—	—	35	35
Capital outlays	<u>7,835</u>	<u>7,185</u>	<u>4,650</u>	<u>4,627</u>	<u>12,485</u>	<u>11,812</u>
Total expenditures	<u>10,397</u>	<u>9,446</u>	<u>4,850</u>	<u>4,827</u>	<u>15,247</u>	<u>14,273</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,929</u>	<u>5,407</u>	<u>(145)</u>	<u>(813)</u>	<u>4,784</u>	<u>4,594</u>
Other financing sources and (uses), net:						
Sale and lease of capital assets	—	23	—	—	—	23
Transfers out	<u>(6,400)</u>	<u>(3,789)</u>	<u>(510)</u>	<u>(510)</u>	<u>(6,910)</u>	<u>(4,299)</u>
Total other financing sources and (uses)	<u>(6,400)</u>	<u>(3,766)</u>	<u>(510)</u>	<u>(510)</u>	<u>(6,910)</u>	<u>(4,276)</u>
Revenues over (under) expenditures and other financing sources and (uses)	<u>(1,471)</u>	<u>1,641</u>	<u>(655)</u>	<u>(1,323)</u>	<u>(2,126)</u>	<u>318</u>
Unreserved fund balances at beginning of year	5,400	9,599	2,389	2,457	7,789	12,056
Cancellation of purchase orders and other	<u>1,466</u>	<u>293</u>	<u>124</u>	<u>465</u>	<u>1,590</u>	<u>758</u>
Unreserved fund balances at end of year	<u>\$ 5,395</u>	<u>\$ 11,533</u>	<u>\$ 1,858</u>	<u>\$ 1,599</u>	<u>\$ 7,253</u>	<u>\$ 13,132</u>

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Administration				
Office of the Controller	City Cumulative Capital Improvement			
Other services and charges		\$ 238	\$ 238	\$ —
Total		<u>238</u>	<u>238</u>	<u>—</u>
Indianapolis Fleet Services	City Cumulative Capital Improvement			
Other services and charges		<u>858</u>	<u>858</u>	<u>—</u>
Total		<u>858</u>	<u>858</u>	<u>—</u>
Total – Department of Administration		\$ <u>1,096</u>	\$ <u>1,096</u>	\$ <u>—</u>
Department of Metropolitan Development				
Division of Administrative Services	City Cumulative Capital Improvement			
Other services and charges		\$ 36	\$ 36	\$ —
Capital outlay		<u>14</u>	<u>13</u>	<u>1</u>
Total – Department of Metropolitan Development		\$ <u>50</u>	\$ <u>49</u>	\$ <u>1</u>
Department of Public Works				
Engineering	County Cumulative Capital Improvement			
Other services and charges		\$ 200	\$ 200	\$ —
Capital outlay		<u>4,650</u>	<u>4,627</u>	<u>23</u>
Total – Department of Public Works		\$ <u>4,850</u>	\$ <u>4,827</u>	\$ <u>23</u>

(Continued)

CITY OF INDIANAPOLIS
Annually Budgeted Capital Projects Funds
Schedule of Expenditures by Character – Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

<u>Department and Division</u>	<u>Fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance</u>
Department of Public Safety				
Emergency Management Planning	City Cumulative Capital Improvement			
Capital outlay		\$ 125	\$ 113	\$ 12
Total		<u>125</u>	<u>113</u>	<u>12</u>
Indianapolis Police Department	City Cumulative Capital Improvement			
Capital outlay		<u>3,125</u>	<u>2,820</u>	<u>305</u>
Total		<u>3,125</u>	<u>2,820</u>	<u>305</u>
Indianapolis Fire Department	City Cumulative Capital Improvement			
Other services and charges		538	241	297
Capital outlay		<u>2,333</u>	<u>2,003</u>	<u>330</u>
Total		<u>2,871</u>	<u>2,244</u>	<u>627</u>
Total – Department of Public Safety		\$ <u>6,121</u>	\$ <u>5,177</u>	\$ <u>944</u>
Department of Parks and Recreation	City Cumulative Capital Improvement			
Supplies		\$ 75	\$ 72	\$ 3
Other services and charges		817	817	—
Capital outlay		<u>2,238</u>	<u>2,235</u>	<u>3</u>
Total – Department of Parks and Recreation		\$ <u>3,130</u>	\$ <u>3,124</u>	\$ <u>6</u>
Total – Capital Projects Funds – by Department and Division		\$ <u><u>15,247</u></u>	\$ <u><u>14,273</u></u>	\$ <u><u>974</u></u>

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Internal Service Funds

Internal Service Funds are used to account for the accumulation of resources to provide for the financing of certain self-insurance programs for all City departments.

The City maintains Workers' Compensation Self-Insurance, Auto Liability Self-Insurance, and Public Liability Self-Insurance Internal Service Funds.

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CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Net Assets
December 31, 2004
(In Thousands)

	<u>Auto Liability Reserve</u>	<u>Workers' Compensation</u>	<u>Public Liability Self Insurance</u>	<u>Total</u>
ASSETS				
Equity in pooled cash	\$ 131	\$ 135	\$ 199	\$ 465
Cash and investments with fiscal agents	22	57	—	79
Investments	3,600	3,672	5,442	12,714
Accrued interest receivable	<u>14</u>	<u>17</u>	<u>20</u>	<u>51</u>
Total assets	<u>3,767</u>	<u>3,881</u>	<u>5,661</u>	<u>13,309</u>
LIABILITIES				
Accounts payable and other accrued liabilities	<u>884</u>	<u>2,312</u>	<u>2,024</u>	<u>5,220</u>
Total liabilities	<u>884</u>	<u>2,312</u>	<u>2,024</u>	<u>5,220</u>
NET ASSETS				
Unrestricted	<u>\$ 2,883</u>	<u>\$ 1,569</u>	<u>\$ 3,637</u>	<u>\$ 8,089</u>

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year ended December 31, 2004
(In Thousands)

	<u>Auto Liability Reserve</u>	<u>Workers' Compensation</u>	<u>Public Liability Self Insurance</u>	<u>Total</u>
Operating revenues:				
Charges to other funds	\$ 522	\$ 2,240	\$ 305	\$ 3,067
Operating expenses:				
Administration	74	91	—	165
Claims	(132)	2,618	1,501	3,987
Total operating expenses	(58)	2,709	1,501	4,152
Operating income (loss)	580	(469)	(1,196)	(1,085)
Nonoperating revenue:				
Interest on investments	30	22	94	146
Income (loss) before transfers	610	(447)	(1,102)	(939)
Transfers out	—	—	(5,200)	(5,200)
Change in net assets	610	(447)	(6,302)	(6,139)
Total net assets – beginning	2,273	2,016	9,939	14,228
Total net assets – ending	\$ 2,883	\$ 1,569	\$ 3,637	\$ 8,089

CITY OF INDIANAPOLIS
Internal Service Funds
Combining Statement of Cash Flows
Year ended December 31, 2004
(In Thousands)

	<u>AutoLiability Reserve</u>	<u>Workers' Compensation</u>	<u>Public Liability Self Insurance</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from users	\$ 522	\$ 2,240	\$ 305	\$ 3,067
Payments for administration	(74)	(91)	—	(165)
Payments for claims	(202)	(2,605)	(1,290)	(4,097)
Net cash provided by (used in) operating activities	246	(456)	(985)	(1,195)
Cash flows from noncapital financing activities:				
Transfers to other funds	—	—	(5,200)	(5,200)
Net cash used in noncapital financing activities	—	—	(5,200)	(5,200)
Cash flows from investing activities:				
Sales and maturities of investments	—	186	5,683	5,869
Investment purchases	(300)	—	—	(300)
Interest on investments	31	17	126	174
Net cash provided by (used in) investing activities	(269)	203	5,809	5,743
Net decrease in cash and cash equivalents	(23)	(253)	(376)	(652)
Cash and cash equivalents, beginning of year	176	445	575	1,196
Cash and cash equivalents, end of year	\$ 153	\$ 192	\$ 199	\$ 544
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 580	\$ (469)	\$ (1,196)	\$ (1,085)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Change in assets and liabilities:				
Increase (decrease) in accounts payable	(334)	13	211	(110)
Net cash provided by (used in) operating activities	\$ 246	\$ (456)	\$ (985)	\$ (1,195)

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Fiduciary Funds

The Fiduciary Funds are classified into two sub-groupings - Agency Funds and Pension Trust Funds. Funds in this classification are used to account for assets held by the City in a fiduciary capacity. Receipts and expenditures of each fund are governed by terms of trust indentures, statutes, ordinances, etc.

The City maintains the following Fiduciary Funds:

PENSION TRUST FUNDS

Police -	to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund (1977 Fund) pension plan, (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund and (3) City and police officer contributions to the 1977 Fund
Fire -	to account for the (1) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Police and Firefighters Pension and Disability Fund pension plan, (2) payment of pension benefits to pensioners that participated in the City pension plan prior to the 1977 Fund and elected to convert to the benefit structure of the 1977 Fund and (3) City and firefighter contributions to the 1977 Fund

AGENCY FUNDS

Barrett Law -	to account for property owner assessment receipts held by the City as agent for the repayment of the related contractor Barrett Law bonds
Sanitation 15 Year Law -	to account for property owner assessment receipts held by the City as agent for city approved developer constructed sewer systems Barrett Law projects, with construction costs repaid by the property owners over a period not to exceed 15 years
UAL Personal Property -	to account for amounts received, that in accordance with the related bond indenture, are to transferred to the debt service for the Indianapolis Airport Authority Special Facility Revenue Bonds of 1995
E-911 Allocation -	to account for assets, obligations and activities of the E-911 dispatch programs
DPS Retiree Health Insurance -	to account for assets, obligations, and activities of certain Police and Firefighter Retiree Health Insurance costs
IPD Confiscated Cash -	to account for assets, obligations, and activities of amounts which have been confiscated pending final court disposition
Other -	to account for all contractor receipts for sanitary Barrett Law project engineering fees held by the City as agent for engineer payment upon project acceptance and for franchise security deposits held by the City as agent for franchised performance

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CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Pension Trust Funds Net Assets
December 31, 2004
(In Thousands)

	Police Pension	Fire Pension	Total
ASSETS			
Equity in pooled cash	\$ 45	\$ 307	\$ 352
Investments	1,253	8,405	9,658
Accrued interest receivable	6	35	41
Accounts receivable	1,837	691	2,528
Total assets	<u>3,141</u>	<u>9,438</u>	<u>12,579</u>
LIABILITIES			
Accounts payable and other accrued liabilities	<u>708</u>	<u>864</u>	<u>1,572</u>
Total liabilities	<u>708</u>	<u>864</u>	<u>1,572</u>
NET ASSETS			
Held in trust for pension benefits	<u>\$ 2,433</u>	<u>\$ 8,574</u>	<u>\$ 11,007</u>

CITY OF INDIANAPOLIS
Combining Statement of Changes in Fiduciary Net Assets
Police and Firefighter Pension Trust Funds
Year ended December 31, 2004
(In Thousands)

	Pension Trust Funds		
	Police Pension	Fire Pension	Total
ADDITIONS			
State of Indiana pension subsidy received from the General Fund	\$ 15,575	\$ 13,015	\$ 28,590
Interest income and other	102	131	233
Unrealized loss on investments, net	(11)	(74)	(85)
	<u>15,666</u>	<u>13,072</u>	<u>28,738</u>
Contributions:			
Employer	14,400	10,108	24,508
Plan members	111	103	214
	<u>14,511</u>	<u>10,211</u>	<u>24,722</u>
Total additions	<u>30,177</u>	<u>23,283</u>	<u>53,460</u>
DEDUCTIONS			
Benefits	36,397	27,077	63,474
Administrative expense	10	19	29
Total deductions	<u>36,407</u>	<u>27,096</u>	<u>63,503</u>
Change in plan net assets	(6,230)	(3,813)	(10,043)
Net assets – beginning	<u>8,663</u>	<u>12,387</u>	<u>21,050</u>
Net assets – ending	<u>\$ 2,433</u>	<u>\$ 8,574</u>	<u>\$ 11,007</u>

CITY OF INDIANAPOLIS
Police and Fire Pension Trust Funds
Schedule of Revenues and Expenditures
Budget and Actual – Budgetary Basis
Year ended December 31, 2004
(In Thousands)

	Police Pension			Fire Pension		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	\$ 14,821	\$ 14,642	\$ (179)	\$ 11,306	\$ 11,160	\$ (146)
Intergovernmental	14,050	15,818	1,768	10,940	13,254	2,314
Other	400	253	(147)	350	267	(83)
Total revenues	29,271	30,713	1,442	22,596	24,681	2,085
Expenditures:						
Personal services	36,491	36,399	92	28,494	26,449	2,045
Supplies	4	1	3	6	1	5
Other services	81	10	71	78	14	64
Properties	—	—	—	1	—	1
Internal charges	5	5	—	4	4	—
Total expenditures	36,581	36,415	166	28,583	26,468	2,115
Revenues over (under) expenditures	\$ (7,310)	\$ (5,702)	\$ 1,608	\$ (5,987)	\$ (1,787)	\$ 4,200

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Agency Funds Net Assets
December 31, 2004
(In Thousands)

	<u>Barrett Law</u>	<u>Sanitation 15 Year Law</u>	<u>UAL Personal Property</u>	<u>E-911 Allocation</u>	<u>DPS Retiree Health Insurance</u>	<u>IPD Confiscated Cash</u>	<u>Other</u>	<u>Total</u>
ASSETS								
Equity in pooled cash	\$ 22	\$ 35	\$ 3,315	\$ 69	\$ —	\$ 1,208	\$ 3	\$ 4,652
Cash and investments with fiscal agents	—	—	—	—	—	—	31	31
Investments	622	980	—	1,885	10	—	102	3,599
Accrued interest receivable	3	4	—	8	2	—	—	17
Accounts receivable	—	—	—	321	—	—	—	321
Total assets	<u>\$ 647</u>	<u>\$ 1,019</u>	<u>\$ 3,315</u>	<u>\$ 2,283</u>	<u>\$ 12</u>	<u>\$ 1,208</u>	<u>\$ 136</u>	<u>\$ 8,620</u>
LIABILITIES								
Accounts payable and other accrued liabilities	<u>\$ 647</u>	<u>\$ 1,019</u>	<u>\$ 3,315</u>	<u>\$ 2,283</u>	<u>\$ 12</u>	<u>\$ 1,208</u>	<u>\$ 136</u>	<u>\$ 8,620</u>
Total liabilities	<u>\$ 647</u>	<u>\$ 1,019</u>	<u>\$ 3,315</u>	<u>\$ 2,283</u>	<u>\$ 12</u>	<u>\$ 1,208</u>	<u>\$ 136</u>	<u>\$ 8,620</u>

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2004
(In Thousands)

	<u>Balance January 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2004</u>
BARRETT LAW				
Assets:				
Cash and investments	\$ 694	\$ 21	\$ 71	\$ 644
Accrued interest receivable	3	—		3
Total assets	<u>\$ 697</u>	<u>\$ 21</u>	<u>\$ 71</u>	<u>\$ 647</u>
Liabilities:				
Accounts payable	\$ 697	\$ 21	\$ 71	\$ 647
Total liabilities	<u>\$ 697</u>	<u>\$ 21</u>	<u>\$ 71</u>	<u>\$ 647</u>
SANITATION 15 YEAR LAW FUND				
Assets:				
Cash and investments	\$ 931	\$ 176	\$ 92	\$ 1,015
Accrued interest receivable	4	—	—	4
Total assets	<u>\$ 935</u>	<u>\$ 176</u>	<u>\$ 92</u>	<u>\$ 1,019</u>
Liabilities:				
Accounts payable	\$ 935	\$ 176	\$ 92	\$ 1,019
Total liabilities	<u>\$ 935</u>	<u>\$ 176</u>	<u>\$ 92</u>	<u>\$ 1,019</u>
UAL PERSONAL PROPERTY				
Assets:				
Cash and investments	\$ 271	\$ 3,044	\$ —	\$ 3,315
Total assets	<u>\$ 271</u>	<u>\$ 3,044</u>	<u>\$ —</u>	<u>\$ 3,315</u>
Liabilities:				
Accounts payable	\$ 271	\$ 3,044	\$ —	\$ 3,315
Total liabilities	<u>\$ 271</u>	<u>\$ 3,044</u>	<u>\$ —</u>	<u>\$ 3,315</u>
E – 911 ALLOCATION				
Assets:				
Cash and investments	\$ 1,586	\$ 1,014	\$ 646	\$ 1,954
Accrued interest receivable	7	1	—	8
Accounts receivable	355	321	355	321
Total assets	<u>\$ 1,948</u>	<u>\$ 1,336</u>	<u>\$ 1,001</u>	<u>\$ 2,283</u>
Liabilities:				
Accounts payable	\$ 1,948	\$ 981	\$ 646	\$ 2,283
Total liabilities	<u>\$ 1,948</u>	<u>\$ 981</u>	<u>\$ 646</u>	<u>\$ 2,283</u>

(Continued)

CITY OF INDIANAPOLIS
Fiduciary Funds
Combining Statement of Changes in Assets and Liabilities – Agency Funds
Year ended December 31, 2004
(In Thousands)

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
DPS RETIREE HEALTH INSURANCE				
Assets:				
Cash and investments	\$ 404	\$ 957	\$ 1,351	\$ 10
Accrued interest receivable	2	—	—	2
Total assets	<u>\$ 406</u>	<u>\$ 957</u>	<u>\$ 1,351</u>	<u>\$ 12</u>
Liabilities:				
Accounts payable	\$ 406	\$ 957	\$ 1,351	\$ 12
Total liabilities	<u>\$ 406</u>	<u>\$ 957</u>	<u>\$ 1,351</u>	<u>\$ 12</u>
IPD CONFISCATED CASH				
Assets:				
Cash and investments	\$ 1,689	\$ 1,401	\$ 1,882	\$ 1,208
Total assets	<u>\$ 1,689</u>	<u>\$ 1,401</u>	<u>\$ 1,882</u>	<u>\$ 1,208</u>
Liabilities:				
Accounts payable	\$ 1,689	\$ 1,401	\$ 1,882	\$ 1,208
Total liabilities	<u>\$ 1,689</u>	<u>\$ 1,401</u>	<u>\$ 1,882</u>	<u>\$ 1,208</u>
OTHER				
Assets:				
Cash and investments	\$ 103	\$ 2	\$ —	\$ 105
Cash and investments with fiscal agents	31	—	—	31
Total assets	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 136</u>
Liabilities:				
Accounts payable	\$ 134	\$ 2	\$ —	\$ 136
Total liabilities	<u>\$ 134</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 136</u>
TOTAL – ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 5,678	\$ 6,615	\$ 4,042	\$ 8,251
Cash and investments with fiscal agents	31	—	—	31
Accrued interest receivable	16	1	—	17
Accounts receivable	355	321	355	321
Total assets	<u>\$ 6,080</u>	<u>\$ 6,937</u>	<u>\$ 4,397</u>	<u>\$ 8,620</u>
Liabilities:				
Accounts payable	\$ 6,080	\$ 6,582	\$ 4,042	\$ 8,620
Total liabilities	<u>\$ 6,080</u>	<u>\$ 6,582</u>	<u>\$ 4,042</u>	<u>\$ 8,620</u>

Statistical Section

CITY OF INDIANAPOLIS
General Governmental Expenditures by Function and Other Uses (A)
 Last Ten Years
(In Thousands)

	Departmental and Modified Accrual Basis									
	2004(A)	2003(A)	2002(A)	2001(B)	2000(B)	1999(B)	1998(B)	1997(B)	1996(C)	1995
General Government	\$ 25,540	\$ 25,083	\$ 29,236	\$ 24,118	\$ 21,001	\$ 16,286	\$ 15,560	\$ 16,252	\$ 18,742	\$ -
Public Safety	230,543	221,641	210,571	231,259	193,292	184,641	139,278	134,902	133,843	—
Public Works	115,114	124,896	117,914	115,513	109,306	116,492	111,792	111,311	108,540	—
Health and Welfare	4,813	5,256	4,689	4,560	4,973	5,550	5,596	5,284	5,007	—
Cultural and Recreation	26,779	26,417	26,211	23,387	21,185	21,216	19,532	19,041	18,071	—
Urban Redevelopment and Housing	26,401	27,533	29,396	28,461	22,354	23,799	27,506	34,666	36,180	—
Economic Development and Assistance	4,626	6,090	6,626	6,292	2,923	4,951	3,656	4,537	6,136	—
Protection of People and Property	—	—	—	—	—	—	—	—	—	120,349
Community Cultural and Recreation	—	—	—	—	—	—	—	—	—	16,730
Community Development and Welfare	—	—	—	—	—	—	—	—	—	50,293
Transportation and Related Services	—	—	—	—	—	—	—	—	—	32,748
Environmental Services	—	—	—	—	—	—	—	—	—	85,684
Executive/Legislative Affairs of Government	—	—	—	—	—	—	—	—	—	1,183
Administrative Services	—	—	—	—	—	—	—	—	—	25,826
Debt Service	151,396	103,260	86,626	141,856	104,974	198,368	172,886	75,978	80,919	114,246
Capital Outlays	151,106	119,564	115,949	81,629	97,434	116,943	101,465	136,675	139,223	168,732
Other Uses	70,240	128,296	186,433	38,453	58,221	47,288	54,230	17,290	14,893	64,092
TOTAL	\$ 806,558	\$ 788,036	\$ 813,651	\$ 695,528	\$ 635,663	\$ 735,534	\$ 651,501	\$ 555,936	\$ 561,554	\$ 679,883

(A) Includes all Governmental Funds.

(B) Includes General, Special Revenue, Debt Service, Capital Projects, and Expendable Trust Funds.

(C) In 1996, certain changes were made to the financial statements to more appropriately reflect financial activity. These changes included modifying the functional name.

CITY OF INDIANAPOLIS
General Revenues by Source and Other Financing Sources (A) (B)
 Last Ten Years
(In Thousands)

Year	Taxes	Licenses and Permits	Charges for Services	Other Intergovernmental Revenues		Traffic Violations and Court Fees	Interest and Other Operating Revenues	Other Financing Sources	Total Revenues								
				Federal	State and Other												
2004	\$	310,528	\$	7,564	\$	111,052	\$	37,052	\$	86,195	\$	4,904	\$	17,283	\$	198,183	772,761
2003		341,199		8,318		106,369		43,260		83,457		4,482		16,174		199,184	802,443
2002		296,986		7,997		107,846		46,212		83,188		4,775		38,515		260,408	845,927
2001		296,561		9,180		91,667		28,127		111,275		5,191		33,838		128,840	704,679
2000		290,208		7,872		85,436		29,588		86,084		2,563		29,863		94,769	626,383
1999		283,175		9,531		90,967		27,259		81,172		3,163		46,695		205,639	747,601
1998		280,738		9,305		79,696		29,747		60,113		3,530		41,104		160,063	664,296
1997		252,495		8,956		78,860		33,553		64,745		2,922		47,311		32,349	521,191
1996		248,470		8,107		76,977		38,241		58,106		3,303		38,063		42,905	514,172
1995		253,539		8,433		86,093		34,140		48,455		1,774		43,994		119,635	596,063

(A) Includes General, Special Revenue, Debt Service, Capital Projects, and Pension Trust Funds for 1995 – 2001.

(B) Includes all governmental funds for 2002 – 2004.

TABLE III

CITY OF INDIANAPOLIS
Tax Revenues by Source (A)
 Last Ten Years
(In Thousands)

<u>Year</u>	<u>Total Taxes</u>	<u>Property Taxes</u>	<u>Wheel Taxes</u>	<u>Local Option Income Tax</u>	<u>Other Taxes (B)</u>
2004	310,528	\$ 230,216	\$ 13,541	\$ 48,247	\$ 18,524
2003	341,199	249,861	13,555	57,574	20,209
2002	296,986	204,995	13,261	58,227	20,503
2001	296,561	205,934	13,324	56,585	20,718
2000	290,208	205,192 (E)	12,992	52,557	19,467 (E)
1999	283,175	170,120	13,100	50,610	49,345
1998 (D)	280,738	168,787	12,502	50,674	48,775
1997	252,495	159,305	12,013	36,853 (C)	44,324
1996	248,470	159,530	11,525	35,582 (C)	41,833
1995	253,539	153,617	6,212	59,257	34,453

(A) Includes General, Special Revenue, Debt Service, and Capital Projects Funds.

(B) Includes financial institution and other local taxes.

(C) In 1996 and 1997, the Local Option Income Tax for pension funds is recorded directly in the Trust and Agency Funds.

(D) Beginning in 1998, all taxes for pension funds are recorded in the General Fund.

(E) Beginning in 2000, property taxes include tax incremental finance (TIF) taxes, which were previously included in other taxes.

CITY OF INDIANAPOLIS
Property Taxes Levied and Collected (A) (B) (D)
 Last Ten Years
(In Thousands)

<u>Year</u>	<u>Taxes Levied</u>	<u>Marion County Auditors Credits (C)</u>	<u>Adjusted Levy</u>	<u>Current Taxes Collected</u>	<u>Percent of Adjusted Levy Collected</u>	<u>Delinquent Taxes Collected</u>	<u>Total Taxes Collected</u>	<u>Total Collections as Percent of Adjusted Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Outstanding Delinquent Taxes as Percent of Adjusted Levy</u>
2004	\$ 167,951	\$ 4,860	\$ 163,091	\$ 159,523	97.8 %	\$ 7,502	167,025	102.4 %	\$ 9,963	6.1 %
2003	179,293	5,787	173,506	172,068	99.2	6,476	178,544	102.9	11,764	6.8
2002	171,846	5,495	166,351	161,582	97.1	8,049	169,631	102.0	7,488	4.5
2001	173,049	4,272	168,777	163,786	97.0	7,093	170,879	101.2	7,545	4.5
2000	172,356	3,703	168,653	163,830 (E)	97.1	7,538	171,368	101.6	7,477	4.4
1999	173,926	1,760	172,166	162,624	94.5	7,496	170,120	98.8	12,498	7.3
1998	172,997	4,046	168,951	160,792	95.2	7,922	168,714	99.9	13,002	7.7
1997	163,960	5,870	158,090	151,944	96.1	7,361	159,305	100.8	12,642	8.0
1996	159,161	5,966	153,195	153,260	100.0	6,270	159,530	104.1	14,555	9.5
1995	155,036	2,292	152,744	144,396	94.5	9,221	153,617	100.6	13,848	9.1

(A) Includes General, Special Revenue, Debt Service, and City Cumulative Capital Development Capital Projects Funds.

(B) Data presented on the cash basis.

(C) Data have been adjusted to reflect credits issued by the County Auditor's Office as a result of appeals or other adjustments.

(D) Data presented is per the Marion County Auditor's Office.

(E) Beginning in 2000, taxes collected do not include tax incremental finance (TIF) taxes.

CITY OF INDIANAPOLIS
Assessed and True Tax Actual Value of Taxable Property – County-wide (A)
 Last Ten Years
(In Thousands)

YEAR	REAL PROPERTY		PERSONAL PROPERTY		TOTAL	
	Assessed Value (B) (C)	True Tax Value	Assessed Value (B) (C)	True Tax Value	Assessed Value (B) (C)	True Tax Value
2004	\$ 34,606,376	\$ 34,606,376	\$ 5,323,754	\$ 5,323,754	\$ 39,930,130	\$ 39,930,130
2003	32,982,779	32,982,779	8,845,067	8,845,067	41,827,846	41,827,846
2002	20,820,046	20,820,046	8,162,071	8,162,071	28,982,117	28,982,117
2001	6,839,830	20,519,489	2,653,315	7,959,945	9,493,145	28,479,434
2000	6,636,936	19,910,808	2,574,548	7,723,644	9,211,484	27,634,452
1999	6,553,357	19,660,071	2,550,800	7,652,400	8,855,890	26,567,669
1998	6,425,243	19,275,729	2,430,647	7,291,940	8,715,533	26,146,609
1997	6,424,300	19,272,910	2,291,233	6,873,698	8,384,463	25,153,388
1996	6,227,500	18,682,501	2,156,962	6,470,887	7,460,584	22,389,419
1995	5,452,185	16,358,191	2,008,399 (D)	6,031,228	7,460,584	22,389,419

(A) Taxable Property is assessed at 33-1/3% of the True Tax Value for 1995 through 2001. It is assessed at 100% for 2002 and beyond.

(B) Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(C) Data presented are per the Marion County Auditor's Office.

(D) Includes \$19,965 in assessed value that was used to fund replacement credit in the mall districts.

CITY OF INDIANAPOLIS
Property Tax Rates – Direct and Overlapping Governments (B) (C)
 Last Ten Years

<u>Year</u>	<u>City</u>	<u>County</u>	<u>Municipal Corporations</u>	<u>Total City- County Council Approved</u>	<u>School</u>	<u>State</u>	<u>Other</u>	<u>Grand Total (A)</u>
2004	\$ 0.9485	\$ 0.4129	\$ 0.3442	\$ 1.7056	\$ 1.7827	\$ 0.0024	\$ 0.0607	\$ 3.5514
2003	0.9603	0.4443	0.3555	1.7601	1.5503	0.0033	0.1403	3.4540
2002	1.2254	0.5354	0.4309	2.1917	1.9594	0.0033	0.0799	4.2343
2001	3.7670	1.4043	1.2497	6.4210	5.9811	0.0100	0.2599	12.6720
2000	3.7825	1.4038	1.2491	6.4354	5.9552	0.0100	0.2756	12.6762
1999	3.7948	1.4042	1.2486	6.4476	5.8477	0.0100	0.3281	12.6334
1998	3.7968	1.4021	1.1989	6.3978	5.3888	0.0100	0.3952	12.1918
1997	3.8033	1.4179	1.2042	6.4254	5.5778	0.0100	0.5380	12.5512
1996	3.8054	1.5970	1.2052	6.6076	5.5294	0.0100	0.5391	12.6861
1995	3.9140	1.6855	1.2426	6.8421	5.7743	0.0100	0.5275	13.1539

(A) Rate of District 101 (Indianapolis-Center Township), which is the only rate that includes all major services.

(B) Data presented are per the Marion County Auditor's Office.

(C) Rate per \$100 of assessed valuation.

CITY OF INDIANAPOLIS
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (A) (E)
Last Ten Years
(In Thousands)

	<u>Year</u>	<u>Assessed Value (B)</u>	<u>Gross Bonded Debt</u>	<u>Debt Service Fund Balance</u>	<u>Net Bonded Debt</u>	<u>Percentage of Net Bonded Debt to Assessed Value</u>	<u>Percentage of Net Bonded Debt to Limit</u>	<u>Net Bonded Debt per Capita</u>
Civil City (0.67% limit)	2004	\$ 37,232,911	\$ 1,441	\$ 42	\$ 1,399	0.0 %	1 %	\$ 1.63
(2000 Population: 860)	2003	39,047,433	1,835	94	1,741	0.0	1	2.02
(1990 Population: 742)	2002	26,974,946	2,165	28	2,137	0.0	1	2.48
	2001	8,825,041	2,455	43	2,412	0.0	1	2.80
	2000	8,588,234	3,475	55	3,420	0.0	2	3.98
	1999	8,495,431	4,445	25	4,420	0.1	3	5.96
	1998	8,259,055	5,695	53	5,642	0.1	3	7.60
	1997	8,134,891	6,875	139	6,736	0.1	4	9.08
	1996	7,827,228	8,020	143	7,877	0.1	5	10.62
	1995	6,977,455	9,095	125	8,970	0.1	6	12.09
Redevelopment District (C) (D)								
(2000 Population: 860)	2004	\$ 37,232,911	\$ 35,691	\$ 4,804	30,887	0.1 %	(C)	\$ 35.92
(1990 Population: 742)	2003	39,047,433	36,926	7,096	29,830	0.1	(C)	34.69
	2002	26,974,946	38,105	7,534	30,571	0.1	(C)	35.55
	2001	8,825,041	36,202	5,009	31,193	0.4	(C)	36.27
	2000	8,588,234	34,291	6,469	27,822	0.3	(C)	32.35
	1999	8,495,431	32,519	2,994	29,525	0.3	(C)	39.79
	1998	8,259,055	31,236	1,027	30,209	0.4	(C)	40.72
	1997	8,134,891	29,986	1	29,985	0.4	(C)	40.41
	1996	7,827,228	28,814	(2)	28,816	0.4	(C)	38.84
	1995	6,977,455	27,693	31	27,662	0.4	(C)	37.28
Sanitary District (4% Limit)								
(2000 Population: 860)	2004	\$ 36,564,519	\$ 80,301	\$ 9,718	70,583	0.2 %	5 %	\$ 82.07
(1990 Population: 744)	2003	25,930,384	85,362	10,833	74,529	0.3	7	86.66
	2002	26,948,745	89,380	10,262	79,118	0.3	7	92.00
	2001	8,672,972	98,340	4,052	94,288	1.1	9	109.64
	2000	8,432,110	107,105	4,975	102,130	1.2	10	118.76
	1999	8,342,408	116,580	4,294	112,286	1.3	11	150.94
	1998	8,108,889	125,290	4,617	120,673	1.5	12	162.21
	1997	7,988,135	133,655	2,692	130,963	1.6	14	176.04
	1996	7,676,460	141,655	8,175	133,480	1.7	14	179.43
	1995	6,853,029	150,425	855	149,570	2.2	18	201.06
Public Safety Communications & Computer Facilities District								
(0.33% limit)	2004	\$ 39,930,130	\$ 11,750	\$ 296	11,454	0.0 %	9 %	\$ 13.32
(2000 Population: 860)	2003	41,827,847	13,410	1,294	12,116	0.0	9	14.09
(1990 Population: 744)	2002	28,982,117	15,000	1,204	13,796	0.0	14	16.04
	2001	9,493,145	15,000	735	14,265	0.2	15	16.59
	2000	9,211,484	15,000	756	14,244	0.2	15	16.56

(Continued)

CITY OF INDIANAPOLIS
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita (A) (E)
 Last Ten Years
(In Thousands)

	Year	Assessed Value (B)	Gross Bonded Debt	Debt Service Fund Balance	Net Bonded Debt	Percentage of Net Bonded Debt to Assessed Value		Percentage of Net Bonded Debt to Limit		Net Bonded Debt per Capita
Flood Control District (0.67% limit) (2000 Population: 860) (1990 Population: 797)	2004	\$ 39,930,130	\$ 26,472	\$ (4)	\$ 26,476	0.1	%	10	%	\$ 30.79
	2003	41,827,847	30,418	201	30,217	0.1		11		35.14
	2002	28,982,117	33,930	-	33,930	0.1		18		39.45
	2001	9,493,145	35,765	937	34,828	0.4		18		40.50
	2000	9,211,484	37,395	1,575	35,820	0.4		19		44.93
	1999	9,104,157	38,935	199	38,736	0.4		21		48.59
	1998	8,855,890	38,935	180	38,755	0.4		22		48.62
	1997	8,715,533	39,535	445	39,090	0.4		22		49.04
	1996	8,384,463	39,535	310	39,225	0.5		23		49.21
	1995	7,460,584	40,781	322	40,459	0.5		27		50.75
Metropolitan Thoroughfare District (1.33% Limit) (2000 Population: 860) (1990 Population: 797)	2004	\$ 39,930,130	\$ 71,836	\$ 570	\$ 71,266	0.2	%	13	%	\$ 82.87
	2003	41,827,847	76,112	1,006	75,106	0.2		13		87.33
	2002	28,982,117	77,560	567	76,993	0.3		20		89.53
	2001	9,493,145	82,030	615	81,415	0.9		21		94.67
	2000	9,211,484	85,245	1,540	83,705	0.9		23		105.00
	1999	9,104,157	87,195	1,091	86,104	0.9		24		108.01
	1998	8,855,890	89,530	1,193	88,337	1.0		25		110.81
	1997	8,715,533	91,365	1,145	90,220	1.0		26		113.18
	1996	8,384,463	93,555	587	92,968	1.1		28		116.62
	1995	7,460,584	95,055	325	94,730	1.3		32		118.83
Park District (C) (D) (2000 Population: 860) (1990 Population: 797)	2004	\$ 39,930,130	\$ 28,602	\$ 875	\$ 27,727	0.1	%	(C)	%	\$ 32.24
	2003	41,827,847	29,056	62	28,994	0.1		(C)		33.71
	2002	28,982,117	29,535	120	29,415	0.1		(C)		34.20
	2001	9,493,145	29,535	320	29,215	0.3		(C)		33.97
	2000	9,211,484	29,535	294	29,241	0.3		(C)		36.68
	1999	9,104,157	29,535	271	29,264	0.3		(C)		36.71
	1998	8,855,890	30,350	351	29,999	0.3		(C)		37.63
	1997	8,715,533	30,830	382	30,448	0.3		(C)		38.20
	1996	8,384,463	31,445	261	31,184	0.4		(C)		39.12
	1995	7,460,584	32,045	131	31,914	0.4		(C)		40.03

(A) Data are presented on the modified accrual basis.

(B) Taxable Property is assessed at 33-1/3% of the True Tax Value for the years 1993 through 2001. It is assessed at 100% for 2002 and beyond.

Represents the assessment (Marion County Auditor's "certified abstract") on March 1 of the prior year for taxes due and payable in the year indicated.

(C) There is no statutory constitutional debt limitation applicable to Redevelopment and Park Districts.

(D) Excluding \$480,698 of Redevelopment and Park District Tax Increment Bonds.

(E) Per capita is not expressed in thousands.

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (A)
December 31, 2004
(In Thousands)

Table VIII
page 1

Direct Debt:	Map Reference	Assessed	Bonding Limit		Bonds
	[See Introduction (H)]	Value (G)	%	Dollar Amount	Outstanding
City of Indianapolis:					
Civil City	2	\$ 37,232,911	0.67%	249,461	\$ 1,441
Consolidated County	1	39,930,130	(C)	—	—
Park District	1	39,930,130	(I)	—	28,602
Redevelopment District	2	37,232,911	(I)	—	35,691
Flood Control District	1	39,930,130	0.67%	267,532	26,472
Metropolitan Thoroughfare District	1	39,930,130	1.33%	531,071	71,836
Sanitary District	8	36,564,519	4%	1,462,581	80,301
Police Special Service District	5	12,098,142	(B)	—	—
Fire Special Service District	6	11,124,551	(B)	—	—
Solid Waste Collect Spec. Service District	7	37,289,934	(B)	—	—
Solid Waste Disposal District	7	37,232,911	2%	744,658	—
Pub Safety Comm and Comp Facilities Dist.	1	39,930,130	0.67%	267,532	11,750
Total City Debt				<u>\$ 3,522,834</u>	<u>\$ 256,093 (D)</u>
Overlapping:					
Marion County	1	\$ 39,930,130	0.67%	<u>\$ 267,532</u>	<u>\$ 11,500</u>
Municipal Corporations					
Airport Authority	1	39,930,130	0.67%	267,532	—
Health & Hospital Corporation	1	39,930,130	0.67%	267,532	48,080
Capital Improvement Board	1	39,930,130	0.67%	267,532	—
Indpls-Marion Co. Building Authority	1	39,930,130	(E)	—	81,418
Indianapolis-Marion County Library	4	38,706,080	0.67%	259,331	81,362
Indianapolis Public Transportation Corp.	2	37,743,859	0.67%	252,884	15,965
Total Municipal Corporations				<u>\$ 1,314,810</u>	<u>\$ 226,825</u>
School Districts:					
Beech Grove	9	\$ 475,232	(J)	\$ 85,100	\$ 75,595
Decatur	9	1,057,208	(J)	187,252	166,108
Franklin	9	1,678,038	(J)	180,365	146,804
Indianapolis Public Schools	9	10,638,604	(J)	532,057	319,285
Lawrence	9	4,900,668	(J)	202,866	104,853
Perry	9	3,432,363	(J)	227,382	158,735
Pike	9	5,125,939	(J)	185,934	83,415
Speedway	9	748,818	(J)	14,978	—

(Continued)
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CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (A)
December 31, 2004
(In Thousands)

Table VIII
page 2

	Map Reference [See Introduction (H)]	Assessed Value (G)	Bonding Limit		Bonds Outstanding
			%	Dollar Amount	
School Districts (continued):					
Warren	9	\$ 3,177,551	(J)	\$ 217,691	\$ 154,140
Washington	9	5,393,076	(J)	134,491	26,629
Wayne	9	3,302,632	(J)	259,900	193,847
Total School Districts		<u>\$ 39,930,130</u>		<u>\$ 2,228,015</u>	<u>\$ 1,429,411</u>
Other Cities and Towns:					
Beech Grove	2	\$ 510,948	0.67%	\$ 3,423	—
Lawrence	2	1,380,430	0.67%	9,249	5,100
Southport	2	57,023	0.67%	382	—
Speedway	2	748,818	0.67%	5,017	2,525
Total Other Cities and Towns		<u>\$ 2,697,219</u>		<u>\$ 18,071</u>	<u>\$ 7,625</u>
Townships					
Center	3	\$ 5,800,125	0.67%	\$ 38,861	—
Decatur	3	1,061,997	0.67%	7,115	1,659
Franklin	3	1,832,893	0.67%	12,280	3,290
Lawrence	3	5,351,261	0.67%	35,853	1,180
Perry	3	3,793,200	0.67%	25,414	1,799
Pike	3	5,226,021	0.67%	35,014	3,400
Warren	3	4,171,834	0.67%	27,951	4,066
Washington	3	7,402,657	0.67%	49,598	—
Wayne	3	5,290,142	0.67%	35,444	6,397
Total Townships		<u>\$ 39,930,130</u>		<u>\$ 267,532</u>	<u>\$ 21,791</u>
Excluded Library Districts					
Beech Grove	4	\$ 475,232	0.67%	\$ 3,184	\$ 4,327
Speedway	4	\$ 748,818	0.67%	5,017	405
Total Excluded Library Districts		<u>\$ 1,224,050</u>		<u>\$ 8,201</u>	<u>\$ 4,732</u>
Ben Davis Conservancy District		<u>\$ 372,825</u>	(F)		—
Total Overlapping Debt					<u>\$ 1,701,884</u>
Total Direct and Overlapping Debt					<u>\$ 1,957,977</u>

CITY OF INDIANAPOLIS
Schedule of Direct and Overlapping Debt and Bonded Debt Limit (A)
December 31, 2004
(In Thousands)

- (A) Excludes Revenue Bonds not payable from ad valorem taxes.
- (B) No bonding authority.
- (C) No bonding authority from ad valorem taxes.
- (D) Includes \$280 of matured bonds not presented for payment.
- (E) There is no debt limit for the Building Authority. Its debt service requirements are funded by rentals paid by the City of Indianapolis and Marion County from ad valorem taxes mandated by the Authority's enabling legislation.
- (F) Ben Davis Conservancy District has no bonding limit. Bonds are payable from either collection of special benefit taxes or revenues produced from the project per Indiana Code 13-3-3-81.
- (G) Represents the March 1, 2003 (Marion County Auditor's "certified abstract") assessment for taxes due and payable in 2004.
- (H) See pages XXI and XXII.
- (I) There is no statutory constitutional debt limitation to the Park and Redevelopment Districts.
- (J) A statutory 2% limit on school district debt does not apply to any debt that is incurred by a school district building corporation for the purpose of constructing facilities to be leased to the school district at rentals sufficient to fund the corporation's annual debt service requirements. The bonding limit shown is the sum of the statutory limit plus the outstanding building corporation debt.

CITY OF INDIANAPOLIS
Computation of Legal Debt Margin (A)
December 31, 2004
(In Thousands)

	Assessed Value (B)	Debt Limit Percentage	Debt Limit	Bonds Outstanding (F)	Subtotal	Plus Amount Available in Debt Service Fund	Legal Debt Margin
Civil City	\$ 37,232,911	0.67%	\$ 249,461	\$ 1,441	\$ 246,778	\$ 42	\$ 246,820
Consolidated County	39,930,130	(C)	—	—	—	—	—
Park District	39,930,130	(D)	—	28,602 (G)	—	875	—
Redevelopment District	37,232,911	(D)	—	35,691 (G)	—	4,804	—
Flood Control District	39,930,130	0.67%	267,532	26,472	239,729	(4)	239,725
Metropolitan Thoroughfare District	39,930,130	1.33%	531,071	71,836	460,566	570	461,136
Sanitary District	36,564,519	4.00%	1,462,581	80,301	1,382,280	9,718	1,391,998
Police Special Service District	12,098,142	(E)	—	—	—	—	—
Fire Special Service District	11,124,551	(E)	—	—	—	—	—
Solid Waste Collection Special Service District	37,289,934	(E)	—	—	—	—	—
Solid Waste Disposal District	37,232,911	2.00%	744,658	—	744,658	—	744,658
Public Safety Communications and Computer Facilities District	39,930,130	0.33%	131,769	11,750	121,350	296	121,646

(A) Excludes Revenue Bonds not payable from ad valorem taxes.

(B) Represents the March 1, 2003 (Marion County Auditor's "certified abstract" assessment for taxes due and payable in 2004).

(C) No bonding authority payable from ad valorem taxes.

(D) There is no statutory constitutional debt limitation applicable to the Park and Redevelopment Districts.

(E) No bonding authority.

(F) Including \$280 of matured bonds not presented for payment.

(G) Excluding \$480,698 of Redevelopment and Park District Tax Increment Bonds.

CITY OF INDIANAPOLIS
Ratio of Annual Debt Service Expenditures
for General Bonded Debt to Total General Expenditures (A)
Last Ten Years
(In Thousands)

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total debt service</u>	<u>Total general expenditures</u>	<u>Ratio of debt service to general expenditures</u>
2004	\$ 51,306	\$ 39,571	\$ 90,877	\$ 805,781	11.3 %
2003	39,569	35,498	75,067	788,036	9.5
2002	24,286	38,314	62,600	813,651	7.7
2001	88,995	51,018	140,013	695,528	20.1
2000	34,069	51,784	85,853	635,663	13.5
1999	24,781	48,341	73,122	735,534	9.9
1998	115,391	54,609	170,000	651,501	26.1
1997	23,619	48,570	72,189	555,936	13.0
1996	29,708	48,041	77,749	561,554	13.8
1995	20,360	53,698	74,058	679,883	10.9

(A) Data are presented on the modified accrual basis of accounting.

CITY OF INDIANAPOLIS
Property Value, Construction, and Deposits in Banks and Savings and Loans
Last Ten Years
(In Thousands)

Year	Estimated Actual Property Value (D)	Construction (A)		Bank Deposits (B)	Savings and Loan Deposits (C)
		Number of Permits Issued	Value of Buildings		
2004	\$ 39,498,979	26	\$ 3,315,578	\$ 13,863,000	\$ 2,532,000
2003	41,827,846	31	1,851,021	13,962,000	2,389,000
2002	28,892,117	36	1,760,318	12,659,000	1,273,000
2001	28,479,434	41	1,932,731	11,520,000	2,392,000
2000	27,634,452	37	2,363,510	10,433,000	2,075,000
1999	27,312,472	40	1,948,287	11,301,000	1,903,000
1998	26,567,669	38	1,845,018	11,277,000	1,780,000
1997	26,146,609	39	1,199,898	9,771,643	1,472,507
1996	25,153,388	38	1,070,886	9,804,723	1,498,840
1995	22,389,419	39	1,339,263	10,042,791	1,469,224

(A) Source: City of Indianapolis, Department of Metropolitan Development.

(B) Source: Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 2004.
Numbers taken from the FDIC are as of June 30.

(C) Source: Sheshunoff Information Services for 1992 through 1996; FDIC Homepage for 1997 through 2004.
Numbers taken from the FDIC are as of June 30.

(D) Source: Marion County Auditor's Office.

CITY OF INDIANAPOLIS
Principal Taxpayers
December 31, 2004

<u>Principal Taxpayers</u>	<u>Type of Business</u>	<u>2003 Net Assessed Valuation (A)</u>
1 Eli Lilly and Company	Manufacturing - Pharmaceuticals	\$ 790,468 (B)
2 South Western Bell	Utility	397,080 (B)
3 Indianapolis Power and Light	Utility	361,426
4 Simon Property Group, Inc.	Real Estate - Shopping Malls	275,553
5 AIMCo	Real Estate - Apartment Complexes	263,419
6 General Motors Corporation	Manufacturing - Automotive	199,030
7 Federal Express Corp	Shipping	194,385 (B)
8 International Truck and Engine	Manufacturing - Automotive	178,911
9 Visteon Corporation	Manufacturing - Automotive	152,576
10 American United Life Insurance Co.	Insurance	118,127 (B)
11 Wal-Mart	Retail - Grocery	114,234
12 Monument Circle, LLC	Real Estate	108,647 (B)
13 Rolls-Royce	Manufacturing - Automotive	103,894
14 Marsh Supermarkets, Inc.	Retail - Grocery	97,845
15 Roche Diagnostics Corp.	Manufacturing - Pharmaceuticals	91,370

(A) Represents the March 1, 2003 valuations for taxes due and payable in 2004 as represented by the taxpayer. The principal taxpayers are located in different taxing districts; therefore percentage of total assessed valuation is not applicable. Amounts in thousands.

(B) Net Assessed Valuation was determined using public records from the Marion County Treasurer's Office.

CITY OF INDIANAPOLIS
Demographic Statistics
 December 31, 2004
(In Thousands)

Marion County – Effective Buying Income of Households (H) (I)

<u>Income Levels (J)</u>	<u>2003</u>	
	<u>%</u>	<u>Households</u>
Under \$15,000	12.2	77
\$15,000 – \$24,999	12.9	81
\$25,000 – \$49,000	35.5	223
Over \$50,000	39.4	248
Total Households	100.0	629

<u>Income Levels (J)</u>	<u>2002</u>		<u>2001</u>		<u>2000</u>		<u>1999</u>		<u>1998</u>	
	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>
Under \$20,000	22.4	73	19.6	70	23.2	83	23.9	80	25.3	85
\$20,000 – \$34,999	25.3	82	23.7	84	22.4	80	22.7	76	23.5	78
\$35,000 – \$49,000	20.0	65	19.7	70	18.0	64	18.8	63	19.0	63
Over \$50,000	32.3	105	37.0	131	36.4	130	34.6	116	32.2	108
Total Households	100.0	325	100.0	355	100.0	357	100.0	335	100.0	334

<u>Income Levels (J)</u>	<u>1997</u>		<u>1996</u>		<u>1995</u>		<u>1994</u>	
	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>	<u>%</u>	<u>Households</u>
Under \$20,000	25.7	86	26.5	89	28.0	93	24.0	79
\$20,000 – \$34,999	23.8	80	24.5	82	25.1	84	22.8	75
\$35,000 – \$49,000	19.0	64	19.1	64	19.4	65	20.0	66
Over \$50,000	31.5	105	29.9	100	27.5	92	33.2	110
Total Households	100.0	335	100.0	335	100.0	334	100.0	330

Comparison of Households by Percent Groupings (H):

	<u>MSA (C)</u>	<u>Marion County</u>	<u>Indiana</u>
Under \$15,000	12.3	14.9	14.4
\$15,000 – \$24,999	13.0	14.9	14.6
\$25,000 – \$49,000	35.4	37.7	37.7
Over \$50,000	39.0	32.0	33.0

CITY OF INDIANAPOLIS
Demographic Statistics
December 31, 2004
(In Thousands)

Population Trend (A)	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Marion County	864	863	864	860	811	813	814	815	815	815
Consolidated City (B)	794	794	795	792	749	751	753	747	759	756
MSA (C)	1,691	1,655	1,635	1,607	1,537	1,519	1,439 (G)	1,505	1,492	1,473

Population by Age (E)	Percent of Total					2000	1990	1980	1970	1960 (F)
	2000	1990	1980	1970	1960					
0 – 19	28%	28%	32%	39%	36%	241	211	229	292	174
20 – 44	41	42	38	32	33	352	315	269	239	155
45 – 64	20	18	20	20	21	172	131	140	149	100
65 and Over	11	12	10	9	10	95	85	74	65	47
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>765</u>	<u>742</u>	<u>712</u>	<u>745</u>	<u>476</u>

(A) Source: U.S. Bureau of the Census 1995 – 1999 Population Estimates – <http://www.census.gov/population/estimates>.

(B) Marion County less Beech Grove, Lawrence, Southport, and Speedway.

(C) Metropolitan Statistical Area includes the following counties: Boone, Hamilton, Hancock, Hendricks, Johnson, Madison, Marion, Morgan, and Shelby.

(D) Data not available.

(E) Source: 1997 Survey of Buying Power, Sales and Marketing magazine.

(F) Before Unigov reorganization.

(G) Source: <http://www.iedc.com/demograp.htm>.

(H) Source: Demographics USA for 2003. Survey of Buying Power, Sales, and Marketing magazine for years 1996 – 2003.

(I) Source: www.iedc.com/demograp.htm. For years 1991 – 1995.

(J) Income levels not expressed in thousands.

CITY OF INDIANAPOLIS – MARION COUNTY
Miscellaneous Statistical Data
December 31, 2004

Date of Original Incorporation	1832
Date of Reincorporation	1838
Date of First Charter Adopted	1891
Present Charter Adopted	1969
Form of Government	Council – Mayor
Area – Square Miles (Marion County)	402

Estimated Miles of Streets (Marion County):	
December 31,	3,119
2004	3,092
2003	3,092
2002	3,078
2001	3,078
2000	3,078
1999	3,082
1998	3,054
1997	3,049
1996	3,046
1995	3,022

Approximate Miles of Sewers:	
December 31,	
2004	2,973
2003	2,948
2002	2,930
2001	2,822
2000	2,714
1999	2,669
1998	2,400
1997	2,400
1996	2,400
1995	2,400

CITY OF INDIANAPOLIS – MARION COUNTY
Miscellaneous Statistical Data
December 31, 2004

Per Capita Income (B)

<u>Year</u>	<u>National</u>	<u>State</u>	<u>MSA (C)</u>	<u>Marion County</u>
2004	32,937 (D)	30,094 (D)	(E)	(E)
2003	31,632 (D)	28,783 (D)	\$ 33,618	\$ 33,559
2002 (A)	30,906	28,032	32,916	32,129
2001	30,271	27,532	31,960	31,292
2000	29,469	27,011	31,155	30,780
1999	28,542	26,143	30,523	30,685
1998	26,482	24,302	29,304	29,579
1997	25,288	23,202	26,662	26,577
1996	24,164	22,234	25,475	25,470
1995	23,059	21,427	24,602	24,774

(A) Updated to show revised per capita income data.

(B) U.S. Department of Commerce, Bureau of Economic Analysis – <http://www.bea.doc.gov/bea/regional/data.htm>.

(C) Metropolitan Statistical Area.

(D) Preliminary per capita income data.

(E) Data not available.

CITY OF INDIANAPOLIS – MARION COUNTY
Miscellaneous Statistical Data
December 31, 2004

	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
Fire Protection (Consolidated City of Indianapolis):										
Fire Station – in Special Service District	26	26	26	26	26	26	26	26	26	29
Fire Station – All Others	35	36	36	34	34	42	31 (D)	31 (D)	39	21
Total number of stations	<u>61</u>	<u>62</u>	<u>62</u>	<u>60</u>	<u>60</u>	<u>68</u>	<u>57</u>	<u>57</u>	<u>65</u>	<u>50</u>
Employees – in Special Service District (A)	785	822	819	804	775	747	744	744	744	722
Employees – All Others (A)	951	947	871	830	773	655 (E)	467	467 (D)	641	571
Total number of employees	<u>1,736</u>	<u>1,769</u>	<u>1,690</u>	<u>1,634</u>	<u>1,548</u>	<u>1,402</u>	<u>1,211 (D)</u>	<u>1,211</u>	<u>1,385</u>	<u>1,293</u>
Police Protection:										
City of Indianapolis (A)	1,592	1,595	1,420	1,420	1,342	1,322	1,295	1,288	1,326	1,327
Marion County	1,263	1,136	1,335	1,151	1,211	1,210 (A)	831	818	952	820
Total number of employees	<u>2,855</u>	<u>2,731</u>	<u>2,755</u>	<u>2,571</u>	<u>2,553</u>	<u>2,532</u>	<u>2,126</u>	<u>2,106</u>	<u>2,278</u>	<u>2,147</u>
Recreation (Marion County):										
Parks – Number	174	165	163	159	159	152	149	149	143	135
Parks – Acreage	10,693	10,297	10,324	10,305	10,037	9,866	9,866	9,414	9,414	9,414
Playgrounds	118	131	123	123	121	116	100	110	109	129
Golf Courses	13	13	13	13	13	13	13	13	12	12
Recreational Centers	25	23	18	18	18	18	18	17	17	17
Swimming Pools – Outdoors	6	6	16	1	16	16	16	15	14	14
Swimming Pools – Indoors	16	16	4	4	4	4	4	4	3	4
Education (Public Schools):										
Number of Students (Grades K – 12) (B)	135,770	131,315	129,067	127,213	127,569	124,822	125,189	125,508	123,179	122,466
Number of Street Lights (Marion County)	29,752	29,658	29,629	29,638	29,477	29,458	29,415	29,481	29,964	28,358
Employees:										
City of Indianapolis (C)	4,051	3,835	3,892	3,885	3,834	3,850	3,670	3,614	3,735	4,044
Marion County	3,248	3,175	3,072	3,003	2,879	2,819	2,796	2,673	2,627	2,640
Total number of actual employees	<u>7,299</u>	<u>7,010</u>	<u>6,964</u>	<u>6,888</u>	<u>6,713</u>	<u>6,669</u>	<u>6,466</u>	<u>6,287</u>	<u>6,362</u>	<u>6,684</u>

(A) Includes civilians.

(B) Data are presented is per the Indiana Department of Public Instruction for Marion County, all districts.

(C) Includes full-time, part-time, and seasonal.

(D) Excludes Franklin Township.

(E) Excludes Warren Township.

CITY OF INDIANAPOLIS
Schedule of Insurance in Force
December 31, 2004

(A) Name of Company (B) Type of Coverage	Policy	Policy Period		Details of Coverage	Liability Limits	Annual Premiums	Deductible
		From	To				
(A) Chubb Insurance (B) Property	35363751	04-01-04	04-01-05	Blanket insurance on real and personal property of City/County on fire, EDP, boiler, and flood, excess 40 million.	\$658,693,502	\$ 718,672	\$25,000 \$100,000 / Flood \$250,000/Flood Southpor \$50,000 Ellenberger / Perry under pipe/drain
(A) Chubb Insurance (B) Property	CF1105459	08-05-04	08-05-05	3 residential structures	Various	\$ 1,175	\$5,000
(A) Phoenix Aviation (B) Aircraft Insurance	HL11303	01-01-04	01-01-05	Protection for City and Police Department against bodily injury and proerty damage arising from operation of two helicopters.	\$5,000,000 single limit - bodily injury and property damage (liability includes pilot and crew)	\$ 10,985	None
(A) Peerless (B) Bond	8059041	01-01-04	01-01-05	Public Officials coverage for Marion County Treasurer - Greg Jordan	\$300,000	\$ 1,175	None
(A) Fidelity & Deposit (B) Bond	3-633430	05-01-04	05-01-05	Public Official Bond Ronald Bowman - Fire (pension secretary)	\$8,500	\$ 100	None
(A) Lloyd's of London (B) Property	223186 & 238258	03-03-04	03-03-05	Apt Bldg. coverage for Link/Savoy & the Blancharde	\$975,000 and \$675,000	\$ 17,575	\$10,000
(A) Great American Insurance Group (B) Property	IMP 8-71-11-38-03	04-01-04	04-01-05	Commercial Inland Marine/excess earthquake	\$50,000,000	\$ 45,000	None
(A) Chubb (B) Property	3579-84-63-IND	04-23-04	04-23-05	Union Station	\$10,000,000 / \$12,240,000	\$ 76,627	\$100,000
(A) Great American Insurance Group (B) Property	SFA 5237039	04-23-04	04-23-05	Excess for Union Station	\$10 mil in excess of \$10 mil	\$ 11,000	None

CITY OF INDIANAPOLIS
Salaries of Principal Officials
December 31, 2004

Name	Title	Annual Salary Excluding Meeting Per-Diem
Bart Peterson	Mayor	\$ 95,000
Jennifer Simmons	Chief of Staff	97,510
Melina Kennedy	Deputy Mayor	97,510
Carolyn Coleman	Deputy Mayor	97,510
Jane Henegar	Deputy Mayor	97,510
Steve Campbell	Director of Media and Communications	74,233
Barbara Lawrence	City Controller	90,000
Kobi Wright	Corporation Counsel	90,002
James Garrard	Director of Public Works	88,200
Robert Turner	Director of Public Safety	95,781
Joe Wynns	Director of Parks & Recreation	84,837
Maury Plambeck	Director of Metropolitan Development	87,106
Brenda Burke	Director of Administration	90,140
Councillor Rozelle Boyd	City-County Council President	13,357
Councillor Joanne Sanders	City-County Councillor Vice-President, Majority Leader	12,681
Councillor Dr. Philip C. Borst	City County Councillor, Minority Leader	12,745
Councillor Patrice Abdullallah	City-County Councillor	11,410
Councillor Greg Bowes	City-County Councillor	11,410
Councillor James Bradford	City-County Councillor	11,552
Councillor Vernon Brown	City-County Councillor	11,400
Councillor Virginia J. Cain	City-County Councillor	11,410
Councillor Bob Cockrum	City-County Councillor	11,547
Councillor Lonnell Conley	City-County Councillor	12,167
Councillor N. Susie Day	City-County Councillor	11,410
Councillor Sherron Franklin	City-County Councillor	11,400
Councillor Ron Gibson	City-County Councillor	12,167
Councillor Monroe Gray, Jr.	City-County Councillor	12,671
Councillor Scott Keller	City-County Councillor	11,410
Councillor Becky Langsford	City-County Councillor	7,666
Councillor Dan Mahern	City-County Councillor	11,400
Councillor Angela Mansfield	City-County Councillor	11,410
Councillor Lynn McWhirter	City-County Councillor	11,547
Councillor Mary Bridget Moriarty Adams	City-County Councillor	12,287
Councillor Jackie Nytes	City-County Councillor	12,177
Councillor William C. Oliver	City-County Councillor	11,410
Councillor Marilyn Pfisterer	City-County Councillor	11,400
Councillor Lincoln Plowman	City-County Councillor	11,410
Councillor Isaac Randolph, Jr.	City-County Councillor	11,400
Councillor Earl Salisbury	City-County Councillor	11,410
Councillor Scott G. Schneider	City-County Councillor	11,410
Councillor Mike Speedy	City-County Councillor	11,400
Councillor Steve Talley	City-County Councillor	12,167

All City employees except elected officials are covered by a \$100,000 blanket bond. The City Controller and Ex-officio City Treasurer are also covered by a fidelity bond in the amount of \$300,000.